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U.S. Starts Firing Air Strikers

Union Defies Reagan Order

WASHINGTON — The Reagan administration said Wednesday it had begun firing illegally striking air traffic controllers who defied the president's work-or-be-fired order.

Neither the government nor the Professional Air Traffic Controllers Organization budged from hard-line stands. The union, reportedly with few defections among its 15,000 strikers, persisted with the walkout despite President Reagan's ultimatum that the strikers would be fired if they did not return to work.

The administration then ordered notices of dismissal mailed out and vowed there would be no second chances for fired controllers.

"I'm sorry, and I'm sorry for them," Mr. Reagan said of the firings late in the day. "I certainly take no joy out of this... I was hoping more of them would recognize the obligation they have. Our position has to be irreversible."

The Federal Aviation Administration, meanwhile, said that up to 72 percent of the regularly scheduled flights were operating Wednesday. But the agency still was limiting takeoffs from the 23 largest airports to half the normal number.

Passengers Stay Away

Many of the planes were only partially occupied as would-be passengers chose to avoid the delays and either stayed home or found other transportation. Airlines say the strike is costing them tens of millions of dollars a day.

Robert E. Poli, the president of the controllers' organization, maintained that no more than half of the regular air traffic was flying.

Meanwhile, federal judges jailed five union officials, forbidding violations of court orders against the strike.

The first dismissal notices were sent in California, where many controllers failed to show up for their morning shift, in violation of Mr. Reagan's 11 a.m. Eastern Daylight Time deadline.

"The process has started," said Roger Johnston, a Federal Aviation Administration spokesman at the big Oakland center where controllers guide aircraft in and out of the San Francisco Bay area. He would not say how many dismissal notices were mailed.

The administration said its resolve was unbending, but it did make one change to accommodate day-shift controllers confused as to when they had to report to avoid dismissal. Controllers whose shifts started before the 11 a.m. EDT deadline were told they had until their normal starting time Thursday. As a result of that change, it will be impossible until sometime Thursday to determine how many of the strikers will be fired.

But the president's order had little effect Wednesday as the 7 a.m. shift began at Eastern airports. Of 214 controllers due to work at five sites in and around New York City, only three reported. At Washington's National Airport, only four of 15 reported; just one of 20 was on hand at Logan International Airport in Boston; and only eight of 19 reported at Baltimore-Washington International Airport in Maryland. Supervisory personnel took the place of some of the strikers at each facility.

In Chicago, James Pauli, a spokesman for the controllers' union, said no controllers reported at 7 a.m. at O'Hare International Airport. (Continued on Page 2, Col. 4)



Buses, streetcars and trucks ended a blockade of a central Warsaw intersection after a two-hour general strike Wednesday.

U.S. Seeks Changes In Sea Treaty Draft

By Victor Insinchi

GENEVA — The United States called Wednesday at the United Nations Law of the Sea conference for revisions to the draft of an ambitious treaty for regulating man's exploitation of the seas.

International negotiations began in 1973 and produced a treaty draft last year. James L. Malone, assistant secretary of state for oceans, said Wednesday that the Reagan administration believes the draft would not obtain ratification by the U.S. Senate.

Mr. Malone stressed nothing about the administration's objections to the draft treaty that he had not already outlined in testimony before congressional committees. The United States, he said here, is "one of the world's major consumers of raw materials" and has "played perhaps the largest role in the development of deep-seabed mining technology."

The mandate that would be given to the proposed international seabed authority, voting arrangements.

Palace Arranges Continued Talks In Dutch Crisis

United Press International

THE HAGUE — Queen Beatrix has appointed a Christian Democrat, Jan Kromers, and a Labor Party leader, Ed van Thijn, to lead what the palace intends to be the final phase of protracted negotiations on a center-left government coalition including Democrats '66.

After nine weeks of inconclusive talks, political observers were skeptical Wednesday that the talks could succeed now.

The palace announced the appointments Tuesday night after 10 days of uncertainty caused by disagreement over deployment of NATO Cruise missiles. A Labor Party spokesman said late Tuesday that his party remained opposed to the deployment.

However, leaders of the three parties — which total 108 seats in the 150-seat lower house of the States General — have conditionally agreed to support continued negotiations.

Olympic Massacre Figure, Daoud, Is Shot in Warsaw

From Agency Dispatches

WARSAW — The reputed mastermind of the 1972 massacre of Israeli athletes at the Munich Olympics was shot five times and critically wounded in an assassination attempt at a Warsaw hotel, a Palestine Liberation Organization spokesman said Wednesday.

Abu Daoud, about 41, was reported-conscious but in critical condition after the attack Saturday night by a lone gunman at the Victoria International Hotel's coffee shop. Mr. Daoud was shot in the mouth, body and groin.

The assailant apparently had people waiting for him outside the hotel, according to Fouad Mahmoud Yaseen, who was dispatched by the PLO to investigate. Mr. Yaseen said he did not know why Mr. Daoud was in the Polish capital.

The PLO as Beirut has made no comment on the shooting, but Mr. Yaseen accused Israel of responsibility. In Jerusalem, a spokesman called the allegations "rubbish" and pointed out that the two countries had no diplomatic ties and few Israelis visited Poland.

Mr. Daoud was accused by Israel of planning the attack at the 1972 Olympics in Munich that left 17 persons dead, 11 of them Israeli athletes. He has been named as the possible leader of the Black September guerrilla group.

Mr. Daoud was arrested in France in 1977 on an order from Interpol at the request of West Germany. He was freed and fled to Algiers after four days in what was seen as a political decision.

He most recently surfaced in 1978 in an apparent power struggle with the PLO leader, Yasser Arafat, when he and two others were expelled from the Revolutionary Council of el-Fatah.

An Israeli biography says he was born in a Jerusalem suburb and became a teacher before joining Fatah. In 1972 he became commander of the Fatah militia in Lebanon, it said. He was arrested by the Jordanians in 1973 on sabotage charges and sentenced to death, later being released under an amnesty for Palestinian guerrillas.

INSIDE Pope Improves

Doctors successfully complete surgical treatment for Pope John Paul II, terminating a colostomy installed as part of the emergency operation after he was shot May 13. Page 5.

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Poor Nations

Mr. Malone's disclosure of the U.S. position was awaited impatiently by the developing countries, which are loosely joined in the Group of 77. The United States is regarded as the leader of the industrialized countries on seabed mining issues, and the dialogue that Washington says it seeks will be conducted mainly with the Third World.

Short of the technology and the capital needed to join in the race to scoop up the seabed's riches, the poor countries look to a proposed international authority to assure them a share of the wealth and to protect their land-based mining interests.

Mr. Malone sought to dismiss the assumption — which he admitted that many delegations share — that it is at the prodding of American firms interested in seabed mining that the Reagan administration is objecting to compromises reached at the conference by its predecessors.

"That assumption is without foundation," Mr. Malone asserted. "The questions and doubts that have emerged during the review relate to issues of principle."

Conoco Battle Ends In Du Pont Victory

The Associated Press

NEW YORK — The biggest takeover battle in history has ended with Du Pont Co. acquiring a controlling interest in Conoco Inc., the ninth-largest U.S. oil company, in a transaction valued at \$7.4 billion.

The victory for Du Pont, the largest U.S. chemical company, came after Mobil Corp. failed to persuade a federal appeals court judge to block the Du Pont offer for Conoco.

Mobil raised its bid for Conoco to \$8.8 billion in cash and securities Tuesday, but that was not enough to overcome fears of Conoco stockholders that Mobil would never be allowed to buy the shares because of antitrust problems.

Du Pont said Wednesday that it had received offers to acquire 47.3 million Conoco shares, or about 55 percent of the outstanding common stock, by its deadline of midnight Tuesday.

"We've got more than 51 percent of the shares; I guess that constitutes a victory," said Faith Wohl, a Du Pont spokeswoman.

"We Are Delighted"

Du Pont Chairman Edward G. Jefferson said, "We are delighted with this result. Conoco is a first-rate company with a record of outstanding accomplishment."

Beginning at 3:45 a.m. New York time, Du Pont began paying \$98 a share for 37.9 million shares that it was offered for cash, a total of \$3.7 billion. It said 9 million shares were offered in exchange for Du Pont stock and that another 400,000 shares were offered without the shareholder specifying whether he wanted cash or stock. Du Pont said each of the 9.4 million shares not tendered for cash would be exchanged for 1.7 shares of Du Pont stock.

Mobil's Precautions

Meanwhile, Mobil said it instructed First National Bank of Chicago to provide extra people and telephones to help persons who had tendered shares to Mobil to withdraw and offer those shares to either Du Pont or Seagram Co. Ltd., the third bidder. Mobil said it will tender to Seagram 735,000 Conoco shares it purchased prior to the start of Mobil's bid to acquire Conoco stock from shareholders.

"Technically, we are not withdrawing" from the takeover battle, said John Flint, a Mobil spokesman. "But it's true we don't expect to get much" Conoco stock, he added.

Shares will be withdrawn from Mobil's tender offer until midnight Eastern Daylight Time on Thursday night. "We don't want to be put in the position, if something happens [to Du Pont], of having to start over again," Mr. Flint said.

Borrowed Billions

Du Pont thus becomes a major oil company and the owner of Consolidation Coal Co., the country's second-largest producer of coal. It also finds itself owing billions of dollars that it borrowed to finance the deal.

Du Pont will pay \$3.7 billion for the 37.9 million Conoco shares it acquired for cash and another \$275 million or more to Monsanto Co. in a deal that was negotiated to secure Justice Department approval of the merger.

Du Pont has not made clear what it will do with Conoco, but there has been speculation it might sell part of it to repay the bank debt.

Consolidation Coal has been mentioned as a possible target for divestiture although Du Pont has said its own research into synthetic fuel makes the coal assets especially valuable.

The final day of the bidding war saw both Du Pont and Mobil raise their offers and Mobil race from court to court in a futile effort to stop Du Pont from buying shares.

Appeal in Rochester

After a federal judge in New York turned down Mobil's plea for an injunction, a Mobil corporate plane rushed to Rochester, N.Y., despite the air controllers' strike. There, Judge Ellisworth A. Van Graafeiland of the 2d U.S. Circuit Court of Appeals held a hearing and also refused to issue the injunction.

Du Pont said it will proceed with the merger, although a court battle with some Conoco shareholders unhappy with the terms is possible.

One of those shareholders will be Seagram, a Canadian distiller. Its offer of \$92 a share garnered about 18 percent of Conoco and will make Seagram a major owner of Du Pont stock. There has been speculation that Seagram might try to trade its Du Pont stock for Consolidation Coal or some other part of Du Pont.

The Du Pont victory was remarkable from the antitrust standpoint. Its bid for Conoco is more than twice the \$3.6 billion Shell Oil Co. paid two years ago for Beldridge Oil Co. in what had been the largest merger ever.

No Objection to Size

The Justice Department did not object to the size, but expressed concern over a joint petrochemical venture Conoco has with Monsanto, another major chemical company. Du Pont agreed to buy Monsanto's share of that venture for at least \$275 million, with the final price to be set by negotiations or arbitration, and the Justice Department agreed to let the takeover proceed.

That was in sharp contrast to the department's attitude toward Mobil, the No. 2 U.S. oil company. Mobil was required to provide more information, and the department refused to say whether it would eventually approve the merger. That uncertainty aided Du Pont and badly hurt Mobil's offer.

Warsaw Blockade Ends After Warning Strike

By James M. Markham

WARSAW — A two-hour strike in Warsaw on Wednesday to protest food shortages culminated in the cacophonous, triumphant departure of a caravan of 173 municipal buses and heavy-duty trucks that had bottled up the heart of the capital since Monday morning.

The peaceful dissolution of the convoy, cheered by thousands of citizens, ended a spectacular standoff between Solidarity trade union and the authorities on the streets of Warsaw. But there were no signs that emboldened local branches of the independent union planned to end their demonstrations on the food question.

In Vienna, executives of eight Western banks said Poland had not accepted terms for rescheduling the \$3 billion of debt due this year and instead sought a further easing of conditions. The Associated Press quoted a bank executive as saying Wednesday.

[Hannes Androsch, director-general of Creditanstalt Bankverein, the Austrian bank hosting the talks, said, "The Polish wishes

were not negotiable for us." Reuters quoted Mr. Androsch as saying that the Western bankers told Poland there is no prospect of improving these terms.

Partly Economic

[He referred to unspecified Polish counterproposals that apparently went beyond a plan worked out at a meeting in Zurich on July 22 of a "task force" representing over 400 creditor banks and enterprises. That plan provided for spreading repayment of the \$3 billion due in the last three quarters of this year over a period of seven years at an interest rate 1.75 points above the London interbank rate.

"Poland's economic situation was difficult already before the domestic changes, this has now worsened," Mr. Androsch said in a telephone interview. He stressed it was important to determine how fast and to what extent Polish economic activities such as coal shipments could resume. "This is the main problem, but it is only partly an economic issue," he said.]

The token strike in Warsaw, the biggest labor action since March,

system as well as tens of thousands of industrial workers. Solidarity's Warsaw chapter, however, exempted health services, food-processing industries and small shops from the strike, which was called last week.

Solidarity converted the finale of the mammoth caravan, halted by police Monday as it moved toward the headquarters of the Communist Party Central Committee, into the biggest political rally seen in Warsaw since Poland embarked on its experiment in liberalized Communism a year ago. Festooned with red-and-white Polish flags, the vehicles unleashed a blaring roar of sirens and horns as they departed voluntarily.

Trotsky Cheers

From a flatbed truck crowded with Solidarity militants clutching flowers, a spokesman read a communique that chastised government officials. "Those who are afraid of their own nation should stay locked up and not disturb us any more," intoned the orator to

(Continued on Page 2, Col. 3)

INSIDE

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"That assumption is without foundation," Mr. Malone asserted. "The questions and doubts that have emerged during the review relate to issues of principle."

Thatcher Opposition Grows Among Tories

By Steven Rattner

LONDON — With little improvement evident in Britain's troubled economy and the unpopularity of the incumbent Conservative Party increasing, voices of opposition to the economic policies of Prime Minister Margaret Thatcher have risen to a chorus within her party.

The recent mutterings of discontent by several members of the Cabinet have become open statements of unhappiness by a variety of influential Tories, including

Lord Thorneycroft, the Conservative Party chairman, who has been supportive of Mrs. Thatcher. Most significantly, the dissidents may now be sufficiently powerful to sway Mrs. Thatcher's austere economic policies. Two weeks ago, rising internal discontent reportedly led the Cabinet to turn aside decisively a call from Sir Geoffrey Howe, chancellor of the Exchequer, for a commitment to new cuts in government spending.

The grumbling moved into the public arena in large part because of a contention made last Thursday in the House of Commons by Sir Geoffrey that "we are at the end of the recession." The statement was intended to provide a rationale for maintaining the government's tough economic policies.

"I don't see it picking up where I am," said Lord Thorneycroft, who once had Sir Geoffrey's job. "My friends don't detect bottoming out. It clearly has not bottomed out. It's very, very rough indeed." That has been the view as well of most economic forecasters. Hours before Sir Geoffrey spoke,

the Confederation of British Industry provided a particularly gloomy analysis.

Mrs. Thatcher and her allies attempted to regroup Tuesday after the string of criticisms. Sir Geoffrey defended his assertion that Britain is at the end of the recession, although he used somewhat milder language. And the prime minister agreed to meet with Sir William Clark, chairman of the party's influential Finance Committee.

Sir Geoffrey's comments represented just one of several recent developments of concern to the so-called "wets," as the left wing of the Conservative Party is called. The group's basic goal is modestly increased government spending to combat the recession, even though the next general election need not be called before 1984.

The wets were equally unsettled when the government's response to the recent riots and the Conservatives' devastating defeat in the key Warrington by-election was a more modest youth employment package than they had expected.

Muniny and No Bounty

The unsettlement became undisguised anger within days when it became clear that Sir Geoffrey expected the cost of the new program, estimated to be as much as \$1 billion, to be matched by new spending cuts.

The rising opposition, capped by Lord Thorneycroft's comments to reporters and an equally strong speech by Francis Pym, the leader of the House of Commons, has captivated the British newspapers, whose headlines in recent days have included such words as "rebellion," "mutiny" and "revolt."

The dissension appears likely to add to the Tories' political woes, which are already intense with unemployment at 11.8 percent and

risks. On Monday, the Labor Par-

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COALITION PARTNERS — Ariel Sharon, left, shook hands with Menachem Begin, leader of the ultra-orthodox Agudat Israel Party, after a four-way coalition agreement was signed Tuesday in Jerusalem, clearing the way for a majority government. Prime Minister Menachem Begin, center, presented his new Cabinet to the Knesset Wednesday, including Mr. Sharon, who is to be defense minister and is no stranger to controversy. Stories, Page 2.

Foreigners and Wife Of President Freed By Troops in Gambia

By Babacar Diack

BANJUL, Gambia — More than 130 Europeans and Americans trapped in rebel-held areas near the Gambian capital of Banjul were rescued Wednesday by Senegalese troops, U.S. Ambassador Larry Piper said.

Senegalese commandos also rescued President Dawda K. Jawara's senior wife, Lady Thielal N'Diaye, and four of his children from the barracks held by Gambian rebels in the village of Bakau, 6 miles (10 kilometers) west of Banjul, where they had been held hostage since Friday.

The U.S. ambassador said at a news conference that 70 persons, mainly British and American, had been rescued from a hotel in Banjul and Bakau. He said 62 Swedes and three Britons had been rescued at another hotel.

Mr. Piper said the rescued Europeans and Americans had not been mistreated. A total of 123 foreigners of several nationalities sought refuge at his residence after the coup attempt, he said.

Rebels Holding Out
No information was available on the other hostages the rebels have been holding.

The U.S. ambassador said Senegalese troops had advanced from

Yugoslav Shop In Brussels Hit By Firebombs

BRUSSELS — Gasoline bombs were thrown at a Yugoslav shop in Brussels Wednesday, police said, in the latest incident in a series of actions that have brought sharp protest from Yugoslav authorities.

The championship Yugoslav soccer team, Hajduk Split, canceled an exhibition match here with Anderlecht of Belgium on Tuesday night to protest the shooting of two embassy employees in Brussels earlier in the day.

Ead Ciric, the Yugoslav ambassador to Belgium, delivered a strong protest to Belgian Foreign Minister Charles-Ferdinand Nothomb after the shooting in a cafe early Tuesday morning in which an accountant was killed and a porter wounded. Police said the killer, reportedly Yugoslav, escaped.

Mr. Nothomb said Belgium deplored the incidents and said the Justice Ministry had been asked to take all possible measures to prevent further anti-Yugoslav actions, a Foreign Ministry statement said.

Responsibility for the gasoline bomb attack, which started a small fire at the shop selling traditional Yugoslav specialties, was claimed by a person speaking in the name of an "independent Albanian movement."

WORLD NEWS BRIEFS

Heavy Fighting in Afghan Provinces Reported

NEW DELHI — Rebels clashed with Afghan and Soviet troops in three provinces of Afghanistan in the past week, and a near-breakdown of law and order was reported in the southern city of Kandahar, diplomatic sources said Wednesday.

The sources quoted unidentified reports as saying the fighting was heavy in the provinces of Kabul, Parwan and Ghazni, although no details of casualties were given. Government troops in Ghazni burned crops in retaliation for the rebel attacks, the sources said. The capital city of Kabul remained under tight security, and heavy tank movements were reported during the curfew of midnight to 3:30 a.m.

The sources said their informants had reported a near-breakdown of law and order in Kandahar, which has been the scene of continuing resistance to the Kabul government since the Soviet military intervention in December, 1979.

Kuwait Decides Not to Buy U.S. Hawk Missile

KUWAIT — Kuwait has decided not to buy an advanced version of the Hawk anti-aircraft missile from the United States, a spokesman announced Wednesday.

The spokesman said the U.S. offer to sell arms was rejected for financial reasons and that substantial progress had been made in Kuwait's negotiations to purchase weapons from the Soviet Union.

A high-ranking Kuwaiti military team "with far-reaching authorization" will visit Moscow next month "to finalize negotiations for purchasing Soviet weapons necessary for the Kuwaiti armed forces, including long-range, medium-range and short-range arms," the spokesman said.

IRA Bombs Cause Ulster Damage, Injuries

BELFAST — Irish Republican Army guerrillas set off at least eight bombs in quick succession around Northern Ireland on Wednesday, causing several injuries and extensive damage and blocking the main Belfast-Dublin railroad line, police said.

The police said the first explosion was at the Greenan Lodge Hotel in southwest Belfast. Five men planted two metal beer kegs containing explosives outside the building. The hotel was evacuated before the kegs exploded, causing severe damage but no casualties.

The next attack occurred 15 minutes later when a car with a bomb in it exploded in Lisburn, 10 miles (16 kilometers) south of Belfast, causing extensive damage to shops and offices, police said. Another bomb in a car exploded in Belfast, and several people were injured by flying glass.

Power Failures Hit Southern England, Wales

LONDON — Breaks in three major power lines cut electricity to millions of homes, factories and hospitals in southern and southwest England and Wales on Wednesday in the worst accidental supply disruption since 1962.

Ten counties lost power from 90 minutes to four hours when three links in the National Grid electricity network failed within 10 minutes of each other shortly after 9 a.m., a spokesman for the Central Electricity Generating Board said.

Commuters were stranded when trains stopped between stations; traffic snarled as signals went out; hospitals switched to emergency generators; and factories ground to a halt.

U.S. and Russia Extend Accord on Grain Sales

VIENNA — The United States and the Soviet Union agreed Wednesday to extend their current grain sales agreement for one year, obligating Moscow to buy at least 6 million metric tons of U.S. wheat and corn beginning in October.

William E. Brock, the U.S. special trade representative, said after talks in Vienna that the pact's conditions were exactly the same as those of a five-year agreement due to expire Sept. 30.

Boris Gorbeyev, the Soviet deputy foreign trade minister, declined to estimate Soviet grain needs for the year and refused to comment on the extension of a delivery guarantee that Moscow was believed to be seeking to protect it against any future grain embargoes.



Thai workers, with a guard, Wednesday removed a locomotive burned in an insurgent attack.

Communist Rebels Seize Passenger Train in Thailand

SAT THANI, Thailand — Communist insurgents seized a passenger train near here and destroyed its locomotive in the second attack in 10 days severing rail transport to southern Thailand.

The train was released three hours after it was seized Tuesday morning, passengers said. The travelers were guarded by a group of insurgents while another group towed the locomotive

to a bridge where it was blown up. The attackers, numbering about 60, then fled into the jungle. "They fixed placards onto the train attacking the prime minister (Gen. Prem Tinsulanonda) and demanding the release of an insurgent leader who was arrested early last month," said Anan Phomsawat, one of the passengers.

Officials said the rebels apologized to the passengers for disrupting their journey.

Warsaw Strike Ends With Mass Parade

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thruway cheers. "Don't disturb a free people deciding their own fate!"

"This protest," the statement continued, echoing through loudspeakers across the huge blocked intersection, "was a complete success, because once again we avoided a solution by force. Those who are afraid of the nation wanted to lead us down that route."

Despite this victory claim, the presence of a thickened cordon of police and anti-riot trucks impeded the dispersing buses and trucks from heading toward the Central Committee building. Instead they proceeded down Marszałkowska Street, as the government had first insisted when the impasse arose two days ago. Both sides could thus claim a measure of victory in a dispute that, however petty its origin, had developed into a test of wills.

Increasingly bitter exchanges are during the dispute augur poorly for talks that are to be resumed Thursday between Mieczyslaw Rakowski, the deputy premier who has been the government's senior interlocutor with Solidarity, and Lech Walesa, the union chief, on the situation in the country. At a first round of discussion on Monday, Solidarity presented a list of its demands, including the restoration of full meat rations, which had been cut.

The sudden upsurge of protests over food shortages and lengthening lines at state-run stores has derailed Solidarity's national leadership from the issue of worker self-management in its talks with the government.

At a news conference Wednesday afternoon, union spokesman Janusz Onyszkiewicz said the future course of food protests depended on the government. "There is no such plan to escalate, or carry it to the national level," he said, speaking of the union's leadership. "But it is not excluded that such a plan will be developed."

The Warsaw strike has drawn sharp criticism in the Communist press of East Germany and Czechoslovakia. Neues Deutschland, the East German party organ, accused Solidarity's leadership Wednesday of exploiting the situation "in a demagogic and provocative manner."

Rude Pravo, the Czechoslovak party paper, accused the autonomous Polish union of plotting to become a political party. It called the strike "a psychological preparation for other offensive actions against the party and government with the aim of discrediting them and thus paving the way for Solidarity's own political targets."

French Aid Announced
PARIS (AP) — France will immediately start deliveries of 300,000 tons of wheat, 7,000 tons

Soviet Runaway Seeks U.S. Status

CHICAGO — Walter Polovchak, the Ukrainian teen-ager who ran away from his parents' home here a year ago rather than accompany them back to the Soviet Union, has applied for permission to stay in the United States, although immigration officials say the courts must first rule on his legal status.

The 13-year-old who has become the center of a diplomatic tug-of-war between the United States and the Soviet Union, applied Monday for permanent residence.

The boy and his sister, Natalie, 18, have been granted asylum and placed in state custody. Natalie has her own visa. Walter's parents, who came to the United States as immigrants but later decided to return to Russia, filed suit against the Immigration and Naturalization Service asking that the political asylum granted to the youths be withdrawn. An Illinois appellate court is considering the case.

Wing of Savoy Hotel To Be Flats, Offices

LONDON — The 119-room east wing of London's Savoy Hotel will be converted into 10 offices and apartments in a \$14.3-million deal with the Ladbroke bookmaking giant.

The size and capacity of the hotel will be reduced by one-third in the conversion. The Savoy Group said Tuesday they would use the cash to pay off loans.

Begin Calls for New Relations With Russia, Presents Cabinet

From Agency Dispatches
JERUSALEM — Prime Minister Menachem Begin presented his new hard-line Cabinet to the Knesset (parliament) Wednesday with a wide-ranging speech that included an unexpected call for renewed relations with the Soviet Union.

He also called on the United States, Israel's main political ally and arms supplier, to end its embargo on the delivery of F-16 jet fighter planes to Israel.

The debate that began after Mr. Begin's 40-minute speech was expected to continue for more than eight hours, with 62 members signed up to speak before the 120-member Knesset.

Mr. Begin left one of the 18 Cabinet portfolios vacant when he presented his coalition government to the Knesset. David Levy refused to retain the post of housing minister because the prime minister gave his second Cabinet post — the absorption minister — to the new Tami movement. Mr. Begin held the job open for Mr. Levy, second in command in Mr. Begin's Herut wing of the Likud bloc.

Extra Support
Mr. Begin announced the formation Tuesday of a new coalition composed of his conservative Likud bloc and three religious parties. With 61 of the 120 seats in the Knesset, it has a margin of only two. But it can also count on support from three members of the ultra-nationalist Tehiya faction on crucial votes.

Mr. Begin's 17 ministers include Foreign Minister Yitzhak Shamir, who retains his post, and former Agriculture Minister Ariel Sharon as minister of defense.

Three religious deputies control six Cabinet portfolios, reflecting the strong position of three religious parties and the price they exacted to bring their 13 Knesset members into a coalition with Mr. Begin's 48-seat Likud bloc.

Their support — spelled out in an 83-clause agreement — provided the Knesset majority Mr. Begin needed to form a government after the June 30 elections.

Sets Terms
Mr. Begin outlined the guidelines his new government will follow on issues ranging from relations with the two superpowers to the stalled Palestinian autonomy talks with Egypt and Jewish settlement in the occupied West Bank.

"We want normalization of relations between us and the Soviet Union. We have different governments; each one can go its own way," said Mr. Begin. But he said Moscow must first agree to free all jailed Soviet Jews and allow free emigration of Jewish citizens.

The Soviet Union broke diplomatic relations with Israel after the outbreak of the 1967 war. It has been the major supplier of weapons to the Palestine Liberation Organization. Syria and other so-called front-line Arab states.

Mr. Begin warned Syria not to interfere with Israel's reconnaissance flights over Lebanon, which he said were explicitly permitted by the July 24 U.S.-mediated cease-fire. Anyone interfering with these flights "will bear the consequences of his attempts," he said.

AWACS Sale Opposed
The prime minister called for a quick resumption of the stalled talks with Egypt on autonomy for the Palestinians of the occupied West Bank and Gaza Strip. He said Jewish settlement in the territories was not illegal ended the "incessant" argument on the issue.

The new government's policy guidelines say that Israel will "raise its claim to sovereignty" over the West Bank after a period of self-rule.

Mr. Begin repeated his contention the United States breached an agreement by postponing delivery of F-16 jet fighters and his opposition to the U.S. sale of AWACS surveillance aircraft and F-15 accessories to Saudi Arabia.

"Who can count on any sort of promise from the Saudis in relation to Israel?" he asked.

He again obliquely invited the United States to offer Israel a formal defense treaty, saying he would recommend that his Cabinet accept a U.S. offer. But Israel would not propose the treaty because "no state, even a small one, wants to be a vassal," he said.

Shimon Peres, leader of the opposition Labor Party, accused Mr. Begin of bungling military and foreign policy.

Mr. Begin pledged that the government would expand Jewish settlements in occupied territories, block creation of a Palestinian state and extend the application of Orthodox Jewish law.

Except for the concessions to the religious parties, the platform was similar to that of the last Mr. Begin government. But the naming of Mr. Sharon as defense minister and the absence of such moderates as former Foreign Minister Moshe

Dayan and former Defense Minister Ezer Weizman made it the most conservative government in Israeli history.

Reagan Seeks Support
WASHINGTON (UPI) — President Reagan has written to congressional leaders saying he wants to complete the sale to Saudi Arabia of five AWACS reconnaissance planes because it will boost security and the U.S. position in the region.

Sources said Mr. Reagan wants to Senate Republican leader Howard H. Baker Jr. of Tennessee, Senate Democratic leader Robert C. Byrd of West Virginia, House Speaker Thomas P. O'Neill Jr. of Massachusetts and House Republican leader Robert Michel of Illinois stating that he will submit the military package for the Saudis in the near future.

The State Department announced last week that formal notification would be made Sept. 15. Congress would then have 30 days to disapprove the sale by majority votes of both houses.

Sharon's Career Is Marked By Risks, Unpredictability

By William Claiborne
Washington Post Service

JERUSALEM — A popular Israeli maxim describes Ariel Sharon, Prime Minister Menachem Begin's choice for defense minister in the new government, as "a war looking for a place to happen."

Only time will tell whether the judgment is unduly harsh, but the barrel-chested, swashbuckling 53-year-old war hero always has evoked emotionally charged responses from his followers and detractors, both in military and political life.

To Mr. Sharon's admirers he is one of Israel's most brilliant, inspiring field commanders, unconventional, perhaps, but brave beyond question and willing to risk his own career rather than pass up an opportunity to engage the enemy. To his critics, he is undisciplined, hot-tempered and insubordinate, with a deep strain of hatred for Arabs that borders on psychopathic.

Even Mr. Sharon's admirers are tempers. Sharon's temper has made him, particularly during his unsuccessful "war of attrition" last year to gain an appointment as defense minister.

When Mr. Sharon called Mr. Begin's part-time handling of the defense portfolio "irresponsible" and suggested it was endangering the lives of Israelis, an ashen-faced Mr. Begin was said to have advised Mr. Sharon that Israel was still a democracy.

In one Cabinet meeting, Mr. Sharon threatened to strip one of his colleagues naked on the meeting-room table, and in another he accused a fellow minister of being a "political whore."

But his popularity among a segment of Israel's population had not been lost on the Likud leadership, and Mr. Sharon is likely to become a major contender to succeed Mr. Begin when the 69-year-old prime minister decides to step down.

As agriculture minister and head of the ministerial committee on settlements, Mr. Sharon was responsible for building dozens of new Jewish settlements in the West Bank, a program that he says is essential for Israel's strategic depth but one that he also candidly admits will make a territorial compromise in the occupied area impossible.

New Responsibilities
As defense minister, he will be responsible not only for the day-to-day security of the West Bank and Gaza, but he will have an important role in the Egyptian-Israeli negotiations for Palestinian autonomy in the occupied territories.

His approach to those negotiations might have been forecast in an interview last year, when he suggested that Jordan's King Hussein should be displaced by a Palestinian who would represent the country's Palestinian majority of 60 percent.

"Jordan is already a Palestinian state. The obstacle — one might say a sympathetic obstacle — is King Hussein," he said.

Woodland Fires Under Control In Athens Area

ATHENS — Firemen and soldiers succeeded Wednesday in extinguishing forest and brush fires that had burned into the northern suburbs of Athens, but other blazes roared on throughout the country.

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Words of Caution
Of Mr. Sharon, Mr. Weizman wrote, "In war, I'd follow him through fire and flood." Mr. Weizman added, however, that Mr. Sharon tends to leave behind him a wide swath of bitter enemies and disappointed supporters.

"Sharon has lost sight of the distinction between his own personal good and the good of the state," Mr. Weizman said.

Mordechai Gur, a former army chief of staff, in an interview in Hebrew-language, daily Davar, said, "Sharon is a man who is

motivated by power and believes in using it to solve problems. As long as he was under the control of moderate commanders and ministers of defense, it was possible to contain him. But one should not place the defense portfolio in the hands of a man like Ariel."

Gen. Gur warned that Mr. Sharon could "use the defense establishment to threaten democratic values," adding, "Now that we are in the midst of the peace negotiations and the delicate situation with Syria, I dread what he is capable of doing."

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Tory Dissent Increasing

(Continued from Page 1)

ly, which has been undergoing its own internal split, moved to take advantage of the disarray. Peter Shore, the shadow chancellor of the Exchequer, demanded an immediate accounting from Mrs. Thatcher.

"If there is genuine good news, let us all share it," he said. "If there is not, then it is utterly wrong to perpetrate a gross deception on the British people."

Unchanging
That view is at least partly shared by the wets, who want Conservative leaders to prepare a clear statement of position for approval at the party conference in the fall. Mrs. Thatcher has resisted such proposals, apparently for fear that she could be trapped into a change in policy.

"The British people will not be prepared for very much longer to tolerate the worst effects of the recession if there is not a clear sign that the sacrifice will have been worthwhile," said Mr. Pym in his address. "They look to us as a government for measures to alleviate our temporary problems and for a demonstration that hope in the long term is not misplaced."

Still uncertain is how Mrs. Thatcher would respond to the open opposition, although rumors of a coming Cabinet shakeup have arisen again. The prime minister was reported Monday by aides to be irritated at the vocal disagreements and to be determined not to change policy.

With the House of Commons having adjourned until Oct. 19, standing firm may have become a little easier for Mrs. Thatcher.

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Words of Caution
Of Mr.

U.S. Agency Cuts \$28 Million in Aid To 11 Countries

By Lee Lescaze
Washington Post Service

WASHINGTON — The U.S. Agency for International Development has returned \$28 million to the Treasury as its initial response to President Reagan's directive to eliminate wasteful government programs.

At a ceremony Tuesday in the White House Rose Garden, the agency's administrator, Mr. Peter McPherson, handed Mr. Reagan an oversized "check" representing funds cut from "programs" in 11 countries. A small audience consisting mostly of reporters and photographers looked on.



M. Peter McPherson, left, administrator of the Agency for International Development, posed with President Reagan and a mock check symbolizing the agency's economies.

more effective operation is established there, he said.

Haiti will lose a project designed to help introduce improved technology, a project to increase production of a better grade of coffee, and assistance to the Haitian Bar Association to help provide legal assistance to

indigents. Mr. McPherson said the bar association did not support the legal services program.

Reagan Domination of Congress Not Guaranteed for Fall Session

By Steven V. Roberts
New York Times Service

WASHINGTON — As Congress left town for a five-week recess, the lawmakers could look back on an extraordinary session. Under the whip hand of a popular and persuasive president, the legislators took a long step toward reversing the steady expansion of government services and responsibilities that started with the New Deal almost 50 years ago.

states are already diverging from the thrust of the Reagan economic policy, which seems to be encouraging the economic boom in the Sun Belt states that provide the Republican Party with its major source of growth. One small sign

NEWS ANALYSIS

of uneasiness showed up Monday, when five Republican senators voted against the provisions in the tax bill favoring the oil industry.

that the issue will have to be solved by some bipartisan consensus, but meanwhile, Democrats enjoy watching the Republicans squirm.

● Clean Air Act. Last year, voters responded to Mr. Reagan's call for less federal regulation, but public opinion polls show overwhelming support for preservation of the law. This is one area where solid Republican support is not guaranteed, and Sen. Robert T. Stafford, Republican of Vermont, has already promised to lead the fight in favor of extension of the act.

● Social issues. Mr. Reagan has tried to keep such issues as abortion, school busing and school prayer on the back burner, so they would not detract from his economic program. Now, right-wing groups are determined to push these issues forward, and they could present the president with some embarrassing choices.

All these questions will be influenced by the answer to the biggest question of all: Will the president's economic program work?

Many lawmakers of both parties would agree with Rep. Wyche Fowler Jr., Democrat of Georgia, who sat just off the House floor the other day and said, "You don't believe it will work, I don't believe it, and nobody in there believes it."

Word Reported From Hugel

BRICK TOWNSHIP, N.J. — Two missing brothers whose allegations of stock manipulation led to the resignation of a top CIA official are reported to be back in the public eye, according to a report from one of them published here.

Thomas R. McNeil and his brother, Samuel, vanished after their allegations against Max C. Hugel were published. Mr. Hugel denied the charges but resigned as the CIA's deputy director for clandestine operations.

Robert T. Blair, a former director of the Triad Energy Corp., told The Asbury Park Press and The Daily Register of Shrewsbury that Thomas McNeil telephoned him on Thursday and said they would try to come out of hiding as soon as they could. FBI agents are searching for the McNeills in connection with the disappearance of more than \$3.2 million from Triad and Everest Petroleum Corp.

Reagan Affirms to Sadat U.S. Aims on Mideast Peace

By Fred Farris
International Herald Tribune

WASHINGTON — President Reagan, welcoming Egyptian President Anwar Sadat, pledged Wednesday that his administration will continue the U.S. commitment to Middle East peace and build upon the achievements of Camp David.

"We will walk that road together," he told Mr. Sadat on the Egyptian leader's first visit to the United States since Mr. Reagan became president. The two leaders' first session Wednesday lasted two hours.

Before his arrival Tuesday night, Mr. Sadat said in London that he wanted to obtain a commitment from the U.S. administration that it would remain a full partner in Middle East peace negotiations.

Mr. Reagan's pledge Wednesday appeared to meet that desire.

But Mr. Sadat's additional stated purpose of urging Washington to drop its ban on discussions with the Palestine Liberation Organization was given a cool reception.

Even before the Egyptian president was welcomed at the White House on a hot, muggy morning, Secretary of State Alexander M. Haig Jr. said in a television interview Wednesday morning that the PLO must recognize Israel's right to exist before the United States will engage in direct negotiations with it.

David Gergen, a White House spokesman, said, "The United States has not changed its position on the PLO."

Mr. Reagan, in his greeting, stressed the U.S. resolve to achieve peace in the Middle East — a major objective of former President Jimmy Carter. "We have not altered our commitment to peace or our desire to continue building upon the achievements of Camp David," he said.

Apparently referring to recent Israeli and Palestinian fighting in or near Lebanon, and to Israeli bombing of Iraq nuclear reactor outside Baghdad, Mr. Sadat said: "The rising tension and violence which we have witnessed in the past few weeks is living evidence of the urgent need for a comprehensive peace. No other goal is more pressing to us."

Saying he wanted the United States to play the role of a "full partner" in the peace search, he said, "Together, we shall overcome."

Mr. Reagan met with Mr. Sadat immediately following the 21-gun welcoming salute at the White

House South Lawn. The two leaders' discussions Wednesday and Thursday, with a state banquet at the White House on Wednesday night, were expected to focus on ways of getting the Camp David peace negotiations past the current impasse over Palestinian self-rule.

After their first session, a senior administration official who insisted he not be identified said Mr. Sadat suggested a "scenario" for achieving Middle East peace. The official said that the plan presumably included a role in the negotiating process for the PLO, but that Mr. Sadat did not specifically mention that organization.

"They talked just around that point, and it's going to come up again," he said.

The official would not discuss details of Mr. Sadat's "scenario" but he said Mr. Reagan did not offer any response at their first meeting.

Bolivian President Quits; Rebels Call Move a Hoax

From Agency Dispatches
LA PAZ — Bolivian President Luis Garcia Meza resigned after two members of the country's ruling military junta joined a general revolt, although leaders of the rebellion vowed Wednesday to continue their uprising and called the resignation a hoax.

Gen. Garcia Meza announced his resignation on television, describing the two generals who led the uprising against him as "power-hungry adventurers who were political and professional failures."

Sources in the city of Santa Cruz said that the rebels may demand

that the military regime's three-man junta — to which Gen. Garcia Meza surrendered power — step down as well.

"The movement will continue," the leaders of the coup said in broadcasts in Santa Cruz. "The resignation of Gen. Garcia Meza constitutes a hoax played on the Bolivian people."

The rebellion, which began Monday, was led by retired Gen. Alberto Natusch Busch, a former president of Bolivia who held power for 16 days in 1979, and Gen. Lucio Arce, a former army chief of staff who was called two months ago by Gen. Garcia Meza. The revolt was centered in Santa Cruz, Bolivia's second largest city, 360 miles (565 kilometers) east of La Paz.

The junta, composed of the commanders of the three armed services, was expected to meet with ranking military officers from throughout the country to name another president from their ranks. Observers said it was unlikely the junta would try to govern as a council because past attempts to do so have failed.

The rebel leaders had demanded Gen. Garcia Meza's resignation, a return to press freedom, respect for human rights in Bolivia and the end of prohibitions on labor and political activity that have been in effect since Gen. Garcia Meza came to power.

Political observers said that if Gen. Garcia Meza had not stepped down, Bolivia might have been plunged into civil war. However, few people familiar with the chronic instability of Bolivian politics expected a quick end to the struggle within the nation's armed forces.

Gen. Garcia Meza, who seized power in a military coup last July, became the victim of the 19th military takeover in Bolivia since it gained independence 156 years ago on Aug. 6, 1825. He had survived three previous attempts to remove him.

Gen. Garcia Meza went to the airport after handing over power to the junta, and a Braniff jetliner that flew from La Paz to Miami by way of Lima was on board. But he was not on the plane when it arrived in Miami, and his departure could not be confirmed in La Paz.

Mr. Bustamante described the present illegal immigration from Mexico to the United States as flowing like a river, high in the summer and low in the winter. The volume ranges between 400,000 and 1.5 million, he said, and the number of undocumented Mexicans who have taken up residence in the United States is no more than 150,000 by his estimates.

Mr. Bustamante was in Washington to take part in a conference sponsored by the National Center for Immigrants' Rights. One of the organizations participating, the National Immigration and Refugee Network, a group of 90 local organizations, staged a demonstration Tuesday in front of the White House in opposition to Mr. Reagan's program.

Suzuki to Lead Silent Prayer At Hiroshima

United Press International

TOKYO — Japanese Premier Zenko Suzuki flew to Hiroshima on Wednesday to lead a national memorial service Thursday for the 200,000 people killed in the U.S. atomic bomb attack on the city 36 years ago.

At 8:15 a.m. — the time the bomb exploded, reducing the city to ashes and debris — Mr. Suzuki and other attendees will offer a one-minute silent prayer in memory of the victims. The city will come to a standstill during the prayer.

In a related protest, Hiroshima Mayor Takeshi Araki sent a telegram to the French Embassy in Tokyo to protest France's recent underground nuclear test at the South Pacific atoll of Mururoa. Mr. Araki said that the timing of the test was "extremely regrettable."

Shift in Rights Violations In Nicaragua Is Reported

By Karen DeYoung
Washington Post Service

WASHINGTON — Nicaragua's Sandinista government has virtually eliminated extreme human rights abuses such as torture and summary execution that were trademarks of the final years of the Somoza regime, according to the Inter-American Commission on Human Rights. However, the commission said that the government has placed unjustifiable limits on political, press and judicial rights.

In a report released two years after the leftist Sandinistas deposed former President Anastasio Somoza following a civil war, the commission repeatedly noted that the former guerrillas took over a country in "a situation of misgovernment and anarchy [that] lacked any public administration, police and administration of justice."

"Resolving the problem of a lack of services and public servants was undoubtedly one of the most difficult and delicate tasks that the revolutionary government had to deal with," the report said.

The commission's judgment on how the Sandinistas have dealt with that problem is likely to add to the ongoing debate, in the United States and in Nicaragua, between those who say the new government is a vast improvement over the old and should be given more time to find its way and those who maintain it is moving to restrict rights permanently.

The report was based on a 10-day visit to Nicaragua last October — nearly two years from the time the commission went there when Gen. Somoza ruled. Following the earlier investigation by seven representatives from the Organization of American States, the commission charged Gen. Somoza with "grave, persistent and widespread" rights violations during and after a September, 1978, Sandinista-led insurrection, including "indiscriminate bombing of civilians," torture and "summary mass executions" of civilians.

Little Evidence

Last year's visit, which was followed up with additional documentation until last month, found little evidence such extreme violations were continuing. Although it strongly criticized the Sandinistas for what it said were a number of summary executions, particularly at a military garrison called La Polvora outside the southern city of Granada, it noted that such events occurred almost exclusively between July 19 and July 29, "during the weeks immediately subsequent to the revolutionary triumph, when the government was not in effective control of the public power."

Although it documented several cases of abuse of prisoners bordering on torture, the report said that "in general... torture is not practiced in Nicaraguan jails [and] even when incidents of this nature do occur they are not authorized by higher authorities."

But the commission was highly critical of other forms of treatment accorded prisoners, including severely substandard prison conditions marked by overcrowding, limited or nonexistent sanitary, medical and recreational facilities, and insufficient and inedible food.

The special tribunals established outside the normal judicial system to try soldiers of Gen. Somoza's National Guard and those deemed to have had close ties to the former government were also assailed. The report cited "irregularities" in the special courts, including "va-

gueness and imprecision of many of the allegations or charges."

The report also criticized laws and decrees limiting political and press activity as vague and subject to abuse.

Report on Colombia

The commission also issued a report on human rights in Colombia based on the findings of observers sent there after the seizure of 16 diplomatic hostages in the Dominican Republic Embassy in Bogota by the M-19 guerrilla group early last year.

As part of the agreement that ended the siege, the commission agreed to study the observance of human rights in Colombia, particularly the military trials of imprisoned guerrillas.

The commission concluded that a number of prisoners have been killed while in custody of the police and military and many more have been tortured. It called on the government to end a state of siege now in force for more than 30 years and criticized growing militarization of judicial procedures in Colombia.

However, the commission said that Colombia, a civilian democracy, had a good record in guaranteeing freedom of religion and expression and opportunities for citizens to participate in the political process.

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Mexican Expert Criticizes U.S. Guest Worker Plan

By Don Shannon
Los Angeles Times Service

WASHINGTON — A Mexican expert on immigration has criticized President Reagan's guest worker program as something designed to please only employers in the U.S. Southwest.

Jose Bustamante, director of the U.S.-Mexican border studies program at El Colegio de Mexico — a small, independent institution in Mexico City specializing in research — said here Tuesday that the plan to admit 50,000 temporary workers yearly has been incorrectly presented as an act of generosity toward Mexico.

"Immigration is being seen in Mexico now as something that ought to be included in discussions of the new economic order and not of exports from the Third World," he said. "It's like the importation of an energy source."

To make the process fair, Mr. Bustamante said, organized labor both in the United States and in Mexico, as well as U.S. employers, should negotiate the conditions under which seasonal workers come to the United States.

The administration proposal, made public last week, would require temporary workers to pay income taxes and Social Security withholdings. They would receive health care that would not be eligible for unemployment benefits or food stamps. Their families would not be allowed to accompany them.

After Riots, British Minister Offers Liverpool a Program for Renewal

The Associated Press

LIVERPOOL — Environment Minister Michael Heseltine announced a 13-point plan Wednesday to create jobs and improve housing in this decaying northwestern port, where rioting has erupted twice in the last month.

Mr. Heseltine spoke at the end of a 17-day fact-finding tour on which he met police, businessmen

and black leaders. He did not disclose the proposed cost of the plan, saying that any new spending this year would come from existing appropriations.

The program calls for a new job training center in the multiracial Toxteth district, the scene of the worst rioting, as well as the building of homes and sports facilities.

Initial reaction from community leaders was lukewarm. James Stuart-Cole, leader of the Labor-controlled Merseyside County Council, called the minister's visit a "public relations exercise" and said most of the items in the plan "were in hand or were in various degrees of progress before he ever came."

Blackout in Copenhagen

United Press International

COPENHAGEN — A break in the electric supply cable from Sweden plunged Copenhagen into darkness two hours Tuesday night.

Pope Has Surgery; Status Called Good

By Louis B. Fleming
Los Angeles Times Service

ROME — Doctors successfully completed the surgical treatment of Pope John Paul II on Wednesday, terminating a colostomy installed as part of the emergency operation after he was shot on May 13.

His condition was reported good after the one-hour operation, and if there are no complications, he will be able to leave the hospital in 10 or 12 days, said Dr. Francesco Crucitti, the surgeon.

The operation had been postponed for more than a month after the pope contracted a viral infection after the emergency operation and was forced to remain in the hospital for further treatment.

The pope was expected to go to his summer residence at Castel Gandolfo, 15 miles (24 kilometers) from Vatican City, to have an extended convalescence. Dr. Crucitti declined to estimate the length of the convalescence but said he was confident of the pope's full recovery.

Mehmet Ali Agca, a 23-year-old

Turk with a history of terrorist activity, has been convicted of the attack on the pope. He was sentenced on an Italian court to life imprisonment.

The pope was close to death after the attack, and his life was saved in a six-hour operation in which a shrunken section of his intestine was removed and other intestinal damage repaired.

At that time, surgeons installed a colostomy so that the intestines could be evacuated through an artificial aperture without contaminating the repaired section of the intestines.

He was taken to the same operating room Wednesday, and doctors reported that the artificial aperture had been closed and the integrity of the intestines restored. The only restriction on the pope will be rest and a special diet for a few days.

He returned to his room on the 10th floor of Gemelli Hospital rather than to the intensive care unit where he had been taken after the operation May 13.

Public Appearance

The pope left Gemelli Hospital just three weeks after the attack, and four days after his public appearance in conjunction with an observance of Pentecost Sunday, June 7.

A recurring temperature the following week stirred concern that he had fallen victim to some infection. On June 20, he returned to the hospital for further care.

His temperature persisted for weeks. Only last Friday, at a meeting of all the doctors in attendance, was it decided that his condition permitted the final surgery. Additional tests Monday and Tuesday confirmed the decision.

Dr. Crucitti said the timing of the operation was determined by the doctors on the basis of medical considerations.

A source close to the Vatican, however, said the pope had asked for the operation on Wednesday to coincide with the feast day of the Madonna of the Snow and the founding of one of Rome's four great Catholic churches, Santa Maria Maggiore.

According to tradition, the Virgin Mary appeared in a dream to appeal for a church in her honor and to say the site would be signaled by a summer snowfall. Snow reportedly did fall on Aug. 5 in the year 356.

Retrial Bid Fails In Reichstag Fire

KARLSRUHE, West Germany — Johannes van der Lubbe has failed to get permission from West Germany's Constitutional Court for a retrial of his brother, Marinus, a Dutchman executed in 1933 on charges of high treason for setting fire to the Berlin Reichstag (parliament).

The judge said Monday that judicial rules forbade the court to decide on the case, but said Mr. van der Lubbe could appeal to the West Berlin state court for a retrial and return to the Constitutional Court if that petition failed.

Marinus van der Lubbe was acquitted by the West Berlin district court in December on the grounds that his trial had been controlled by the Nazis and was, therefore, invalid. But the higher state court quashed the decision in April, saying there was no legal basis for the acquittal. The fire, which occurred just after Hitler came to power, was widely believed to have been started by the Nazis as a pretext for cracking down on their opponents.

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Iran Expels French Envoy As Majlis Confirms Premier

From Agency Dispatches

LONDON — Iran's Foreign Ministry on Wednesday ordered French Ambassador Guy Georgey to leave the country within three days, Tehran Radio said.

The radio, monitored in London, quoted a spokesman for the ministry as saying the decision was made because the French government had failed to comply with an Iranian demand for the extradition of deposed President Abolhassan Bani-Sadr, who fled to France last week.

In Paris, a government spokesman said France had asked all French citizens to leave Iran and had recalled Ambassador Georgey for consultations. France stopped short of severing diplomatic relations, but said the embassy in Tehran would be operated by a reduced staff.

Premier Confirmed

Also on Wednesday, Iran's parliament ratified the appointment of Mohammed Javad Bahonar, a clergyman who is chairman of the ruling Islamic Republican Party, as the nation's new premier. Earlier, assassins in a speeding car had shot and killed a legislative deputy.

Iran news agency said the Majlis (parliament), with only 168 of 270 deputies present, voted 130-14 with 24 abstentions to confirm Mr. Bahonar, 47. He had been nominated by the former premier and newly elected president, Mohammad Ali Rajai.

The new premier replaces Mr. Rajai, who was sworn in as president Monday after winning elections to replace Mr. Bani-Sadr, who was forced from office two months ago. Iranian authorities have violently denounced France for granting asylum to Mr. Bani-Sadr and his colleague, Mousad Rajavi, leader of the Mujahaddin.

The ministry's statement Wednesday said: "Since the French government, despite the existing extradition treaty between the two countries on the extradition of criminals, has given political asylum to Bani-Sadr and Rajavi... and since it has not given a positive answer to the Iranian demand on the extradition of these two terrorists, the French ambassador was summoned to the Foreign Ministry this morning and was told to leave the country within three days."

Hours before the Majlis vote approving Mr. Bahonar's appointment, assassins shot and killed Majlis deputy Hassan Ayad and wounded two bodyguards as they were leaving for the legislative session. "Counterrevolutionaries fired at them from inside a white Mercedes and immediately escaped the scene," Pars said.

It quoted Mr. Ayad's wife as saying the deputy, who was a member of the Islamic party's central committee, had received death threats from the Mujahaddin guerrilla group, which has been waging a bloody campaign against the Islamic regime.

The news agency has reported almost 20 people killed in three days of bombings and political assassinations in cities across Iran as the regime has cracked down on dissidents.

Mr. Bahonar, a former theology student under Ayatollah Ruhollah Khomeini, was made party leader after Ayatollah Mohammed Rezaei and 73 other ranking members of the party, including 27 Majlis deputies, were killed in a June 28 bomb attack on their Tehran headquarters.

In West Berlin, police stormed the Iranian Consulate on Tuesday to free six consular employees trapped by Iranian students who invaded the building in the second such protest in 24 hours against the Khomeini regime. The demonstrators had smashed windows and furniture.

Pars said 27 persons were executed Monday and Tuesday in Iran for anti-government activities, bringing the acknowledged number of executions since Mr. Bani-Sadr's removal June 22 to more than 319.

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Alec Douglas, Astrophysicist, Dies of Cancer

OTTAWA — Alec Douglas, 65, an astrophysicist who first detected the Carbon 3 molecule in the Earth's atmosphere, died July 26 of cancer, his family said Tuesday.

Mr. Douglas headed the astrophysics laboratory at the National Research Council of Canada's Herzberg Institute of Astrophysics since his retirement last May.

Spectroscopy is the science of detecting molecules in the Earth's upper atmosphere, a comet or the atmosphere of a star by identifying the wavelength emitted by a molecule's spectrum. The work is instrumental in understanding the upper atmosphere. In the early 1950s Mr. Douglas found the molecule Carbon 3 in the emissions of a comet.

He was awarded the Canadian Association of Physics gold medal in 1970, the same year he became a fellow of the select Royal Society of London.

Richard Wyckoff Johnson
HONOLULU (UPI) — Richard Wyckoff Johnson, 66, a founder of Sports Illustrated magazine and winner of the national Headline Award for his combat coverage of the U.S. Marine invasion of Tarawa, died Tuesday of pneumonia and other complications during treatment for cancer.

Mr. Johnson also wrote the official history of the 2d Marine Division, "Follow Me," and was text editor for Life magazine's book series on the history of World War II.

Memorabilia Ritz Putting on the Hemingway

By Elizabeth Venant
International Herald Tribune

PARIS — It opened quietly on a summer night, with no publicity, no fanfare. Thirty people passing by simply poked in their heads and stopped for a drink. Thus one of Paris' most nostalgic watering holes, the small Hotel Ritz bar where Ernest Hemingway drank, recently came back to life.

Renovation of the newly named Hemingway Bar, the Espadon Grill and a larger bar, also on the Rue Cambon side of the hotel, is part of a \$25-million overhaul of the Ritz that was begun by its Egyptian owners last year. The official opening of the bars and grill is scheduled for October, though after a two-month closing for further work, the Hemingway Bar will be back in business at the beginning of September.

The inconspicuous manner of its reincarnation, after eight years of service as a conference room, is indicative of its style. There is no plaque to mark the spot where the writer drank, no Hemingway memorabilia on the walls. But if you talk to the small, dapper man behind the bar, he might tell you that he served "M'sieur 'Emingway" drinks and was his friend for 15 years.

Claudio Decobert, now chief bartender at the Ritz, was a hotel chasseur of 17 when he first met Hemingway in 1947. It was during the writer's prosperous postwar period, when he would stay at the Ritz on his way to Spanish bull fights and game hunts in Africa. In his early years as a young writer in Paris, he kept a running tab at the bar and said when he could. But when Decobert knew him he was at the height of his literary career, a Nobel Prize winner.

"He was a lion of a man," the bartender recently recalled, sitting in a leather armchair in the wood-paneled bar. "He gave you a sense of strength. If he said you were going to climb a mountain, you'd believe him and go to the top."

Dress Code

Decobert said he remembers the writer leaning on his elbow at the end of the bar. "It was his favorite place. He didn't like to sit at the tables." Although the arrangement of bar and tables is generally the same now, the wood walls were rougher in Hemingway's time, and a brown banquette encircled the room.

Respectful of the Ritz dress code, the writer, in jacket and tie, would move between the larger and smaller bars, drinking whiskey, cognac and Ar-

chive. "He would drink anything," the bartender said. "But I never saw him drunk."

Two well-known Hemingway anecdotes involve champagne. In 1944, so the story goes, he personally liberated the bar, ending the occupation with a champagne toast. And as a Ritz client he reportedly would write at night in the bathroom (so as not to disturb his wife), sitting on the bidet with a bottle of champagne by his side.

For years he befriended the barmen of the Ritz. On Sunday afternoons he would take the young Decobert to boxing matches in the Rue St. Denis. "We always rode the subway," Decobert noted. "He wanted to mix with the people."

During their friendship, Hemingway gave Decobert four guns. The first was a Browning 12, which the barmen used for hunting ducks. When Hemingway gave him the Browning, Decobert recalled, the writer said, "This gun is a symbol, because you have to fight in life. When you have difficulties, remember that you've got to fight."

Archaeology Recapturing the Underwater Zurich

By Margaret Studer
International Herald Tribune

ZURICH — Bathers taking a dip in the Lake of Zurich could be swimming over the remains of a 6,000-year-old village.

Drowned in this lake and dozens of other Swiss lakes and rivers are prehistoric sites rich in pottery, textiles, basketry and bony leftovers from Stone Age dinner tables.

Every day a six-man team of diver-archaeologists, working from a little-noticed wooden hut on the lakeside edge of Zurich's bustling Bellevueplatz, don thick orange underwater suits, row toward a submerged island a stone's throw from the shore and spend long hours in an aquatic world reconstructing the past.

There is an intensity about their work because the men are racing against time. Pollution, and turbulence from the city's busy boat traffic, are sweeping away lake-bed deposits that have protected artifacts for thousands of years. About 95 percent of underwater archaeological work in Switzerland is considered emergency salvage.

It is known that around the Lake of Zurich are scattered 34 Stone Age and Bronze Age sites. New finds are still being made. Recently a prosperous citizen decided that a landing stage for his boat was an absolute necessity. A survey of the proposed site was done by the diver-archaeologists. The result was the pinpointing of another Bronze Age settlement.

Said the city's chief archaeologist, Ulrich Ruoff: "We then tell the man that he has to pay for an archaeological dig before he builds. That often turns them off" doing the building.

Since the mid-19th century it has been known that Swiss lakes hid a wealth of knowledge about neolithic lifestyles. In January, 1854, Zurich water levels fell so low that large sections of the lake bottom were exposed. Fields of wooden piles emerged and were identified as the skeletons of prehistoric houses.

Lake Bed Dredged

Though interest remained after the lake's waters returned to normal, it was then difficult to get at the objects. The city grew. Parts of the lake were filled in while dredgers scooped away at the lake bed to make boat transport easier. Until Ruoff, with a group of amateur divers, happened upon prehistoric remains while enjoying his Sunday hobby, it was believed that there was not much left to interest archaeologists.

Ruoff's determination moved the city to set up a full-time professional inland diving team at the end of the 1960s. The team members have developed their underwater equipment as they go along.

Rodney Russell, one of the divers, noted, "We work in such shallow depths that any movement

sets up a curtain of silt." To handle this problem the team developed a utensil that looks like a flute; from its holes come jets of water that push the silt away from where the divers are working.

The divers have pieced together a picture of changing lake-dweller culture. It starts on the Lake of Zurich in about 4500 B.C. with a people who are now known as Switzerland's first farmers. Though living largely from hunting, fishing and gathering nuts, fruits and herbs, they also cultivated wheat and kept cattle and pigs.

The pottery of these people, who lived in small, possibly one-roomed houses on piles with a hearth, is extraordinarily delicate and finely decorated.

The archaeologists characterize the cultures that emerged through the following centuries by their pottery. Around 4000 B.C. appeared a people with thin-walled cylindrical containers. At the same time another culture flourished, using heavier ceramics and cooking pots rimmed with finger dots.

The pottery finds of a few hundred years later are more brittle, with strange bulbs pushed into the surface by a small stick. This gives way to what is thought to have been a warlike culture, because of the countless wooden axes found. Their pottery has a cord trimming.

Jewelry, Charms

Bronze Age digs have brought up necklaces, bracelets and pendants, looms, a wealth of farming utensils, and charms made from boar fangs, bear teeth and wild boar skulls.

Rarely is a pot retrieved intact from the lake bed. Pieces are carefully collected from one layer, and then it is up to Elsie Wenger. In a small laboratory near the site, she sits in front of a jigsaw puzzle of hundreds of ceramic parts. To rebuild one prehistoric vessel can

mean fitting together 70 different sections.

Such reconstruction takes enormous patience, but Wenger said, "Working with objects so old fills me with awe."

In another laboratory in Zurich's Old Town, thousands of neolithic wooden housing piles are tree-ring dated. Through this science, called dendrochronology, growth ring curves from trees of the same kind and belonging to the same climatic area are matched with the piles to determine when the trees were felled.

Ruoff said many clues to the prehistoric past are found more easily under water than on land. He explained that water preserves organic matter, such as wood, textiles and basketry, better than exposure to air does. In addition, many land sites have long been covered by concrete roads and buildings or destroyed by farming.

He acknowledged that, even after years of diving, relatively little is known about the early Swiss. Why did they choose to live on the swampy, damp shores of the lake, which were subject to regular flooding? Were they frightened of wild animals? Was a lakeside village easier to protect from warring neighbors? Better for transport? Because of the fish? Russell wonders. "Was it just more beautiful?"

One of the biggest mysteries: Where did they bury their dead? No graves have been found. Under water in the shadow of Zurich's busy business district, the divers hope to come up with the answer.

Crocodile Fossils Found

MOSCOW — Fossil remains of a giant sea crocodile that lived 150 million years ago have been discovered by Soviet scientists. Tass has announced. It said the reptiles frequented what is now the Volga River region.

The London Stage 'Childe Byron': Unspeakably Afflicted

By Sheridan Morley
International Herald Tribune

LONDON — Really terrible historical dramas having rather disappeared since Dirk Bogarde last played Franz Liszt (on screen rather than piano), we should, I suppose, be grateful for the small mercies contained in Romulus Linney's "Childe Byron," a new play at the Young Vic about the mad, bad lord.

Short of persuading Peter Ustinov to disguise himself thinly as George III and cry, "Step me white, the fellow's a damn poet," it is hard to think of any Hollywood cliché left unturned by Linney, who manages in the same half-hour to have Byron's daughter say, "I am afflicted with a cancerous growth" and to have her father helpfully note that "a man named Linney is writing a great deal of music."

And there's better to come: "You raped my mother." Byron's daughter reminds him — lest, presumably, it had slipped his memory — "unspeakably, while she was pregnant with me." It's the "unspeakably" that does it; that and having the daughter add seconds later, "You traveled away from home into a scarlet sunrise to sink yourself in sberber and sodomy." They don't write plays like that any more, and it is possible that they never did, not even for mid-afternoon Schools Radio back in the middle 1950s.

Undeterred by precedents, however, Linney has pieced together a biographical disaster of epic proportions not much helped by Frank Dunlop's production, which arranges the cast of eight on a series of plinths from where one expects them at any moment to burst out into a fast chorus of "Misology on My Mind."

Had the whole misbegotten shambles indeed been conceived as a musical, there might have been some sense in having David Essex play the lord. As it is, he manages a shaggy haircut and a limp, thereby giving a curious impression of Long John Silver in search of his parrot but not much idea of a great Romantic poet.

It could of course be that the play is not about Byron at all; its title derives not so much from "Childe Harold" — of which Linney seems to have made only a fleeting study — as from the notion that Byron's child is investigating her deceased father's life and flamboyant times. Thus in 1852 we find ourselves in Ada's study, where she is busily inventing the computer when, due to a nasty overdose of laudanum, she hallucinates a meeting with Dad, whom she last saw when she was 3 months old.

Sara Kestelman, in the only impressive performance of the evening, doubles as daughter and mother, coughing occasionally into

a blanket to indicate that curious wasting disease of which Norma Shearer and Garbo kept dying in period biographies of the 1930s.

"Nobody comes in saying 'Morning, Byron, is that Shelley over by the fireplace, and where's Keats?' but that, one feels, is only because within the confines of a rather limited company there simply aren't enough young males to go around. Those that are there, apart from Essex, stand around playing assorted relatives and on-lookers with a kind of frozen embarrassment, as if they know not only what they are going to say next but also what they are going to have to say half an hour hence.

When Essex manages to rise above the awfulness of the text, he plays Byron much the way Robert Taylor played "Ivanhoe," with a mixture of infinite caution and the faint hope that the audience might know even less about the character than he does.

Linney seems to have taken some of Byron's better-known writings according to the Oxford Dictionary of Quotations and arranged them in no particular order, so that poems are broken up among several characters or just left hanging incomplete on the air while the play drifts off to a further examination of whether Byron's daughter might have liked her father had she ever in fact managed to meet him.

To say that this is an arch, coy, cutesy and terrible little play does not begin to come to terms with the real problem, which is Linney's determination to give us within two hours all we need to know about Byron and then some.

This particular collision of poetry and politics has always been a disaster area, as those who can still recall Sarah Miles and Richard Chamberlain camping around in the film "Lady Caroline Lamb" will doubtless testify; but in the minefield Linney has brought his own personal explosives, notably a campus-lecture-circuit prose style and an extraordinary grab-all technique in which bits of Byron's poetry and prose are shoveled into the midst of Linney's own tracts of dialogue, some of which are then repeated so that if we had been lucky enough to nod off the first time there is no chance of missing them on the repeat a scene or three later. "Take your silly poems and swim to Greece" is a line not easily forgotten, though the one that most aptly summarizes the whole mishmash evening must be, "Byron, you need rest."

London now boasts three Dario Fo evenings: a compilation of his one-act plays at the National, "Accidental Death of an Anarchist" in its third year at the Albany, and, newly arrived at the Criterion, "Can't Pay? Won't Pay," which is

Publishing

U.S. Book Sales Perk Up

New York Times Service

NEW YORK — In a turnaround that has taken much of the book-publishing industry by surprise, book sales across the United States have risen significantly during the last month or two. The change is leading booksellers and publishers to think that the industry's year-long recession may be over.

"A few years ago, people were saying the book business was not going to survive," said William McCarthy, merchandise manager of the Chicago bookstore chain Kroch's & Brentano's. "But now book sales are up, and the business is running ahead of inflation, something it had not been doing for some time."

Richard E. Snyder, chairman of Simon & Schuster, added, "Book sales are up right across the board; July billings are the largest in our history." The resurgence is apparent even in hardcover fiction — which has been a particular trouble spot except for blockbuster novels — and it has occurred at a time when hardcover sales often go into a seasonal slump, even in a strong economy.

What inspires confidence that the upturn is not a fluke is that it is occurring at a time when booksellers and publishers traditionally look toward the fall season, the usual showcase for big-name authors.

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Such reconstruction takes enormous patience, but Wenger said, "Working with objects so old fills me with awe."

In another laboratory in Zurich's Old Town, thousands of neolithic wooden housing piles are tree-ring dated. Through this science, called dendrochronology, growth ring curves from trees of the same kind and belonging to the same climatic area are matched with the piles to determine when the trees were felled.

Ruoff said many clues to the prehistoric past are found more easily under water than on land. He explained that water preserves organic matter, such as wood, textiles and basketry, better than exposure to air does. In addition, many land sites have long been covered by concrete roads and buildings or destroyed by farming.

He acknowledged that, even after years of diving, relatively little is known about the early Swiss. Why did they choose to live on the swampy, damp shores of the lake, which were subject to regular flooding? Were they frightened of wild animals? Was a lakeside village easier to protect from warring neighbors? Better for transport? Because of the fish? Russell wonders. "Was it just more beautiful?"

One of the biggest mysteries: Where did they bury their dead? No graves have been found. Under water in the shadow of Zurich's busy business district, the divers hope to come up with the answer.

Crocodile Fossils Found

MOSCOW — Fossil remains of a giant sea crocodile that lived 150 million years ago have been discovered by Soviet scientists. Tass has announced. It said the reptiles frequented what is now the Volga River region.

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Austria	\$ 135.00	\$ 67.50
Belgium	\$ 170.00	\$ 85.00
Bulgaria (air)	\$ 115.00	\$ 57.50
Canada (air)	\$ 125.00	\$ 62.50
Cyprus (air)	\$ 115.00	\$ 57.50
Czechoslovakia (air)	\$ 115.00	\$ 57.50
Denmark (air)	\$ 170.00	\$ 85.00
Egypt (air)	\$ 125.00	\$ 62.50
Ethiopia (air)	\$ 165.00	\$ 82.50
Finland (air)	\$ 170.00	\$ 85.00
France	\$ 160.00	\$ 80.00
Germany	\$ 180.00	\$ 90.00
Great Britain	\$ 150.00	\$ 75.00
Greece (air)	\$ 200.00	\$ 100.00
Hungary (air)	\$ 115.00	\$ 57.50
Iran (air)	\$ 165.00	\$ 82.50
Iraq (air)	\$ 125.00	\$ 62.50
Ireland (air)	\$ 115.00	\$ 57.50
Israel (air)	\$ 165.00	\$ 82.50
Italy	\$ 170.00	\$ 85.00
Korea (air)	\$ 165.00	\$ 82.50
Lebanon (air)	\$ 165.00	\$ 82.50
Libya (air)	\$ 165.00	\$ 82.50
Luxembourg	\$ 200.00	\$ 100.00
Malaysia (air)	\$ 165.00	\$ 82.50
Malta (air)	\$ 165.00	\$ 82.50
Mexico (air)	\$ 115.00	\$ 57.50
Netherlands	\$ 170.00	\$ 85.00
Norway (air)	\$ 170.00	\$ 85.00
Pakistan (air)	\$ 165.00	\$ 82.50
Poland (air)	\$ 115.00	\$ 57.50
Polymeria, French (air)	\$ 165.00	\$ 82.50
Portugal (air)	\$ 160.00	\$ 80.00
Romania (air)	\$ 165.00	\$ 82.50
Saudi Arabia (air)	\$ 165.00	\$ 82.50
South America (air)	\$ 165.00	\$ 82.50
Spain (air)	\$ 165.00	\$ 82.50
Sweden (air)	\$ 165.00	\$ 82.50
Switzerland	\$ 170.00	\$ 85.00
Turkey (air)	\$ 115.00	\$ 57.50
Turks (air)	\$ 115.00	\$ 57.50
U.S.S.R. (air)	\$ 115.00	\$ 57.50
U.S.A. (air)	\$ 115.00	\$ 57.50
Yugoslavia (air)	\$ 115.00	\$ 57.50
Zaire (air)	\$ 165.00	\$ 82.50
Other E.U. Countries	\$ 165.00	\$ 82.50

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INTERNATIONAL

Herald Tribune

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Voice of America Is Unhappy And Uncertain of Its Mission

By Charles Fenyei

WASHINGTON — They are the overseas spokesmen of the United States, but they consent to meet a Washington reporter only in out-of-the-way restaurants, and nothing less than a pledge of anonymity will unseat their lips on the subject of their work.

Their bosses speak on the record to explain rather than justify their agency's policies, and interrupt themselves to say, "Don't quote me on this" and "My throat will be cut for what I've just told you."

The Voice of America, beaming news, music and comment in 39 languages on the world's shortwave radio bands, is a contender for the title "the unhappiest federal agency." Battles rage over its mission. Should it be a government mouthpiece or an audio version of The Washington Post? Should it be run by State Department officials worried about the sensitivities of foreign governments or by journalists whose creed is the free flow of information? Should it spur Afghans to fight the Red Army or soft-sell the world with tales of Americans and the latest top 40?

During his Senate confirmation hearing in June, the VOA director, James Conkling, was asked how he planned to cope with VOA's "morale problem." "My perhaps most successful ventures are those where I walk into a sick company and turn it around morale-wise," Mr. Conkling replied. He explained that "in the creative business," morale improves rapidly if people are allowed to express their ideas.

A Lot of Doctoring

Mr. Conkling has a lot of doctoring to do. It takes as long as two years of FBI investigation before VOA can hire a writer or an engineer. When the United States has an urgent need to address a foreign audience, VOA seems to be paralyzed — more than a year and a half after the Soviet intervention, there is still no broadcast in the main language of Afghanistan. A festering wound is discrimination against foreign-born employees; an ulcerous complaint is that Foreign Service officers in key VOA posts censor scripts.

Beyond debates of purpose and staff is a question a taxpayer might ask: Does VOA speak to the people it is supposed to influence? Isn't it impractical — if not befitting a politburo — to insist on centralizing the writing of scripts that are meant to address societies in 39 languages?

VOA was born out of an emergency in 1942, 79 days after the attack on Pearl Harbor. Five years earlier, Britain had launched its BBC external service. But the master of the airwaves was Nazi Propaganda Minister Joseph Goebbels. "News is a weapon of war," he said. "Its purpose is to wage war, not to give information."

The BBC promised all the news — the good and the bad. VOA spoke for a brash, younger America, enthusiastic over a just war. Goebbels still rhapsodized about victory as the Allies entered Berlin.

Surrogate Radio

In 1948, Stalin ordered the jamming of BBC and VOA over Eastern Europe. The next year the U.S. government set up Radio Free Europe as "a surrogate radio" for and about Eastern Europe. In 1953, Radio Liberation — renamed Radio Liberty 10 years later — began broadcasting to the Soviet Union.

During the Cold War, VOA spearheaded Truman's "Campaign for Truth" against Communism and Eisenhower's "Crusade for Freedom." But the winds of détente have brought uncertainties, as has the new candor in U.S. society. Veterans of psychological warfare and East European émigrés have feared that only the Communists benefited from stories that reported opposition to the war in Vietnam, the Watergate revelations and now the murders of black children in Atlanta.

VOA's charter mandates that the radio "represent America, not a single segment of American society." But in practical terms, VOA functions in the State Department's shadow. On one hand, VOA broadcasts provide a lifeline of information to societies denied a free press — out of its estimated 80 million listeners, 60 million are in Communist countries. On the other hand, VOA commentaries and news analyses have the liveliness of government handouts, and the programming reflects a State Department preference for ambiguity.

Have to Be Bland

"We have to be bland," explains Ed Findlay, the Foreign Service officer who heads VOA's Far East division. "And sometimes we have to obfuscate. Foreigners may quarrel with our dullness, but they don't turn us off as hogwash. We don't engage in the running-dogs-of-imperialism type of stuff that comes out of Beijing and Hanoi."

VOA's presumption is that they tailor our broadcasts to peoples from the Caribbean to Burma, from Siberia to Morocco," says an Arabic-language broadcaster, "but we speak to them as if they all lived in Tulsa, Oklahoma."

Although VOA's annual pitch for its congressional appropriation is based on its competition with Communist ideology, its features are edited not to offend Communist sensitivities. For example, words of admiration for Afghanistan battling the Russians and for Solidarity members defying Poland's Communist orthodoxy are meticulously weeded out lest VOA be accused of inciting its listeners, as Radio Free Europe was after the 1956 Hungarian uprising.

VOA broadcasters would love to cut loose from the parent agency, USICA (United States International Communication Agency, formerly the United States Information Agency or USIA), which in turn works under the secretary of state. The Carter administration encouraged VOA autonomy, but President Reagan pledged in his campaign to use VOA as the battering ram of a "reinvigorated" American propaganda war.

After one of the most hotly contested battles for an appointment in his administration — with Norman Podhoretz, the editor of Commentary, as one contender — Mr. Reagan selected a personal friend, Charles Z. Wick, to head USICA. Mr. Wick, in turn, chose his close friend James Conkling, a record industry executive, to head VOA. Nothing was cut; neither the \$125-million Carter operating budget, nor an additional \$80 million for new transmitters.

'Not a Spokesman'

"We are not a spokesman for the United States," says Mr. William Haratunian, VOA's acting director between Mr. Carter's and Mr. Reagan's appointees. "We are the national broadcaster for the U.S.," says program director Cliff Groce. "Whichever way you look at it, we are in the business of propagating the American way of life," says a veteran from the technical staff. "In the 1950s, when the issues

Should it be run by State Department officials worried about the sensitivities of foreign governments or by journalists whose creed is the free flow of information?

were clear, we did a terrific job. Now that we are both supposed to follow and not to follow U.S. policy, we have lost track of what we are doing."

"VOA lives in a world of its own, trying to ignore the State Department, refusing to recognize that it is being perceived abroad as the voice of the U.S. government," says a State Department official. "At best, VOA misleads foreign governments. At worst, it endangers American lives and interests. I am not sure that VOA is worth all the trouble it is causing. Independence would be a disaster."

Of VOA's 130 hours of broadcast a day, a low-priority language such as Thai gets a 30-minute morning show, and a top-priority language such as Russian has a morning program and several in the evening — a total of 16 hours.

Rounded View

Newscasts take up roughly half of VOA's air time. They are compiled by a central news desk which issues a different daily list for each region: Europe, the Soviet Union, Africa, the Far East, the Near East and South Asia, and Latin America. The language services then translate the scripts. The order of the first five items cannot be changed without approval from the region's division chief at the news desk in Washington.

The newscast is followed by a selection from the daily "menu" — commentaries reflecting official U.S. policy that must be used; news analyses providing a "rounded view" that are recommended though not compulsory; and cultural and scientific features.

VOA broadcasters often disagree with the news priorities they must follow. East Europeans swallow hard but say nothing when their list of news items is headed by, say, the Irish Republican Army hunger strike, one of the many headlines making American consciousness that are of no interest to East Europeans. Or they complain and switch priorities when Jacqueline Kennedy's engagement to Aristotle Onassis is the top item as the Red Army is about to invade Czechoslovakia.

The Arabic service frequently explodes, demanding evenhandedness: the same type of objective, explanatory sentences to put Mena-

80 Million Listeners Tune In Once a Week

WASHINGTON — The Voice of America says that it has 80 million listeners tuning in at least once a week — up to 30 million in the Soviet Union, 10 million in Eastern Europe, 13 million in the Near East and South Asia, close to 7 million in sub-Saharan Africa, 3 million in Latin America, 2 million in Western Europe, at least 20 million in China and 3 million in the rest of East Asia.

According to VOA, the figures are reasonably reliable, except for those from China, which represent pure guesswork, and those from European Communist countries, which are based only on interviews with visitors to the West and refugees.

Surveys indicate that VOA appeals to the educated, the young and the politically curious. VOA broadcasts about 900 hours a week in 39 languages. Even when adding in Radio Free Europe and Radio Liberty's 1,030 additional hours and seven additional languages, the broadcasts lag behind Radio Moscow's 2,100 hours a week in 82 languages.

In the Stalinist 1940s and '50s, Soviet-bloc citizens caught listening to VOA — or to Britain's BBC — were sentenced to two or more years in jail or a forced labor camp. Stalin's death, Khrushchev's fall, Leonid I. Brezhnev's falling health and the circumstances surrounding Richard M. Nixon's resignation are items that Soviet-bloc citizens learned from Western broadcasts.

From 1948 to 1973, VOA was jammed, along with BBC, Radio Free Europe and Radio Liberty. The Russians stopped jamming VOA in 1973 as a concession to the spirit of détente, and all the East European countries followed suit. Last August, the Russians alone resumed jamming, anxious to choke off news of Poland's independent trade union Solidarity.

The jamming noise — nicknamed KGB jazz — is a blend of roar, screech and growl. But one can get some reception by moving the radio to another room or by going over to another house up or down the road. Some days VOA comes in loud and clear; other days, no matter how many frequencies one tries, the jamming is impenetrable.

The U.S. strategy against jamming has been to broadcast on more frequencies, thus increasing the listener's chances of finding a frequency with good reception. More powerful transmitters also help, and there are plans for additional transmitters and modernizing old ones.

The consolation is that jamming costs the Russians up to \$250 million a year — a CIA estimate — while VOA itself costs only about \$100 million to American taxpayers.

them begin's statements in context as the ones courtesy of the other — quotes from Yasser Arafat. The African services make changes with or without authorization and get away with it.

The Russian service buzzes with dissent. "The program is decided in terms of what's useful to the United States, instead of what interests the listener," says one critic.

Mr. Haratunian, VOA's top career professional, says that he is aware of these problems, and that he is recommending area-studies programs for native-born Americans and American-studies programs for the foreign-born. His guess is that the problem is that 70 percent of the foreign-born staff came to VOA without broadcasting experience.

Parked, Waiting

"Many of the grievances of VOA broadcasters flow from the perception that Foreign Service officers don't care for VOA," says a language-service chief. "They are parked here while waiting for their next overseas assignment."

"There was a time when Foreign Service officers gave daily direction to VOA on policy grounds," says Kenneth Baché, chief of the Policy Application Staff, a group of four Foreign Service officers. "Now, our role is sharply curtailed. We serve in an advisory function — we follow the output, make recommendations on the basis of an advance look at texts, to make sure that we do not mislead our listeners. If there is a serious disagreement, it's up to VOA's director to decide. But we clear only the commentaries, because they are identified as government policy."

Mr. Haratunian, a Foreign Service officer, says that there must be "meaningful employment" for Foreign Service officers on their home leaves and that it helps VOA to employ people with recent experiences overseas.

Mr. Groce, the program director, who has been at VOA for 30 years, hates the term that both the State Department and USICA use to define VOA's function — public diplomacy. "Why not simply say information? We are in the news business, and all evidence indicates that we are trusted. We are in the news business. Our credibility is based on trust. Watergate was our finest hour — our publisher was in the docket, but we broadcast the story while the Soviets didn't."

Some Aberrations

Mr. Groce says that VOA did a good job reporting on the Vietnam War, although it did skip some editorials critical of U.S. policy. He acknowledges "some aberrations." For instance, although the U.S. evacuation from Saigon was reported worldwide, the State Department insisted on a 48-hour delay in VOA broadcast because it feared panic and attacks on Americans.

A common charge against VOA management is that it has oversold détente. It toned down references to the Hungarian uprising and suggested no mention be made of its 20th anniversary in 1976. It low-keyed Alexander Solzhenitsin when he still lived in the Soviet Union. When he received the Nobel Prize in literature, an honor the Soviet people learned about from Western radios, VOA cut the sharpest anti-Communist lines of his acceptance speech.

Sensitive to foreign-policy shifts, VOA has been slow to react to crises in which its help was needed as "a communicator to opinion-makers." After the intervention in Afghanistan, nine months elapsed before a half-hour program was put together in Dari, one of the country's minor languages. VOA still does not broadcast in Pashto, spoken by Afghan insurgents.

"It's the State Department and the National Security Council which decide on the languages," Mr. Groce says. "Then we have to look for native speakers, and that's hard. We can't find qualified people to broadcast in Central Asian languages."

Personnel Selection

Since refugees from Afghanistan, Iran and the Soviet Union are in the hundreds of thousands, why is it so difficult to set up services in Central Asian languages?

"Our single most difficult problem is personnel selection," Mr. Haratunian replies. "The system we have is designed for something else other than a broadcasting operation. The system needs reform."

Personnel selection is by the parent agency, USICA, which insists on a security clearance fashioned in the 1950s although VOA employees handle no classified information. It takes up to two years to process a job application from a foreign-born American, and a little less from one native-born.

What further discourages writers is that VOA broadcasters in foreign languages are not encouraged to initiate items. "We are reduced to translating, and the more slavishly we translate, the better our standing with management," says one writer. "There are arguments every time you want to write a feature, and a potentially controversial piece has to go through a number of clearances."

VOA is the only part of the U.S. government where dissemination is public policy. A native speaker in one of 38 foreign languages may rise to head his language service, and about one-fifth of the language service chiefs are foreign-born. Higher positions — on the regional desks, and in news and programming — are reserved for those whose first language is English.

Toughening Up

The foreign-language services currently employ about 750 writers and editors, and 230 professionals work in the production of news, analyses and commentaries in English. A handful of writers in VOA's 39-year history have succeeded in crossing over from the language services to English or program management, but none in the other direction.

There are VOA professionals who think that Mr. Reagan's campaign pledge to "toughen up" U.S. propaganda abroad may give VOA the kind of priority it needs — expanded language services, additional personnel and new equipment. Others are afraid that Mr. Reagan will ask VOA to say, "Hi, world, we are America, and aren't we great?"



ПРАВДА

Орган Центрального Комитета КПСС

Viktor Grigorjevic Afanasiev, the editor of Pravda.

Pravda Editor Says Role of Press Is to Aid State, Party and Public

By Jas Gawronski

MOSCOW — Viktor Grigorjevic Afanasiev is the editor of Pravda, the most influential newspaper in the Soviet Union and also the official organ of the Central Committee of the Soviet Communist Party.

He works in a somber room below a huge portrait of Lenin, who founded Pravda in 1912 and sat in the same chair when he became its first editor.

The atmosphere bears little resemblance to the dynamism and confusion of an editor's office in the West. Most of the newspaper is prepared in advance and there is no feeling of urgency or last-minute decision-making. Nor is there discussion among the editors about the treatment of stories.

Mr. Afanasiev, dressed in a Western suit, talked about the role of the press in Soviet society in an interview in his office.

"First of all, we make propaganda for Marxist-Leninist ideas. We don't hide the fact that we are Marxist-Leninists, that we propagandize the policies of the party," he said. "The second purpose is to organize the masses for the implementation of decisions taken by the party and the government. Besides that, we try to mobilize public opinion to help us solve the most pressing problems and denounce malfunctions — of which there are many — in the economic and socio-political fields. This is our role: to help our people, our party and our state in finding solutions to those problems."

Duty of Press

When he was asked about the Western perception that the press has a duty to inform its readers about events, he responded:

"Certainly for us too, this is one of the main aims, to inform the readers about internal and international life, so as to keep them abreast of what is happening in the world.

"We don't sell ourselves for rubbish, for small things," he said. "We don't publish everything we come across. We deal with those objective facts which have a social and public importance for our country's future, for the decisions that have to be taken, and for the solutions of the most pressing problems. Since our newspaper is called Pravda, which means truth, we try to ensure that everything we publish reflects the truth. Certainly one should not confuse objectivity with objectivism."

Specialist Sees Dengue Fever Spreading From Cuba Throughout Caribbean Area

By Victor Cohn

WASHINGTON — Dengue fever, which has been called "one of the great neglected diseases of mankind" because so little is known about it, is now attacking Cuba, and public health experts say it could spread quickly through much of the rest of the Caribbean to Central America and up through Mexico to Texas.

"It would be a miracle" if it did not soon spread in the Caribbean, a leading authority on the disease, Dr. Scott B. Halstead, warned in an interview last week.

The disease, referred to sometimes just as dengue (pronounced "DEN-ey"), is also known as break-bone fever for the aches and malaise that it causes.

In its most dangerous form — the form in which it is appearing in Cuba — it is known as dengue hemorrhagic fever or dengue shock syndrome. According to the latest report, there are more than 200,000 cases of this form of dengue in Cuba, with 113 deaths recorded.

President Fidel Castro has asserted that the disease "could have been introduced" by the CIA, but specialists say that makes no medical sense.

Haitians Ill

Authorities in Florida said Monday that five Haitians in a refugee camp had contracted dengue fever, but they said there was no danger of it spreading because the mosquito that carries it is not present.

Some U.S. and international health officials were upset with Cuba for waiting until mid-July before asking the Pan American Health Organization — the Americas branch of the World Health Organization — to buy 300 metric tons of the pesticide Abate for spraying

Mr. Afanasiev was asked if Pravda had broken any major stories in recent years.

"Frankly speaking, scoops are not an aim of Pravda," he said. "We don't look for sensations, we are a serious paper. For us the content and the seriousness of the paper are more important than running after scoops."

Journalists in the Soviet Union, and particularly those who work for Pravda, lead a relatively comfortable life. They have their own clubs where food is cheaper and better than in most restaurants. They have their own swimming pool and access — once they reach the higher echelons — to special shops where there are more consumer goods and fewer customers.

Media Awards

As in many nations, Soviet journalists are given awards in recognition of their work. Mr. Afanasiev was asked on what basis such awards are presented.

"We give awards for special subjects — for the best essay on a Soviet personality, such as a worker or a farmer, or for articles on education or other moral or ethical subjects," he said.

Pravda has a rather monotonous layout and seldom, if ever, carries a sensational story. Yet the paper sells about 11 million copies a day and is evidently carefully read, with particular attention paid to the editorials.

"Our editorials are not fun, they are serious, but in them we always deal with real problems," he said. "I give you an example: the other day I received a phone call from Brezhnev — Mr. Afanasiev pointed to a photo displayed on his desk among a dozen others — and he asked me to publish an editorial on the building industry, a weak point of our economy. We prepared it, we published it and we had an amazing reaction."

"Our editorials are read, and it is not just me saying it, but this is based on the results of polls we have conducted."

But the coverage in Pravda does not appear complete to many Western observers. Reports on meetings of the Central Committee or of the Supreme Soviet seldom give a hint of differences of opinion that might have emerged during the discussions and tend to give an impression that all decisions are made unanimously.

"You see," Mr. Afanasiev said, "in our soci-

ety there are no classes nor monopolistic, financial or military groups that compete with each other. In our political and legislative bodies there are the best representatives of the party and of the people, so you should not be surprised if, on the main lines of policy, our ruling bodies are unanimous."

Pravda costs the equivalent of about 4 cents a copy, but the price is scheduled to rise to about 5 cents on Jan. 1.

The newspaper does not carry advertisements, but Mr. Afanasiev says it still makes money. He said advertisements were not needed "since we publish, for free of course, television and some theatrical programs to help readers choose from the cultural events in town."

The Soviet Union has 8,000 daily newspapers with a total circulation of 150 million, but Mr. Afanasiev candidly admitted that most of the information provided was propaganda. Real information remains a luxury and a privilege in the Soviet Union, handed out to readers on a graded scale of trust and merit.

This information is provided through special reports from Tass. There are three kinds of reports, each marked by a different color. The most comprehensive of these, the White Report, is reserved for top members of the hierarchy. The Green Report and the Blue Report go to technocrats and lesser party officials, depending on their rank.

Western radio broadcasts, mainly the Voice of America, the BBC and Radio Liberty, succeed in breaking the information monopoly of the Soviet government.

Mr. Afanasiev had these comments on the broadcast:

"The interest in those radio [stations] is diminishing because they always look at sensations and they throw about too much slander, too many lies, insinuations, which provoke only protest among our people."

"Those radios cover themselves with mud, they discredit themselves. Our people are proud, they can't tolerate either mud or slander. The radios don't represent competition for us. Our nation is mature and doesn't swallow the lies and the political provocations of the West."

Jas Gawronski is Moscow correspondent for the Italian national radio and television network.

But Dr. Halstead believes Cuba may be seeing a phenomenon that he believes he has discovered: A hemorrhagic outbreak, he thinks, hits only a population that has been infected perhaps one to four years earlier with a milder virus, such as the type one that hit much of the Caribbean starting in 1977 and 1978.

If this is true, it means that several Caribbean countries — as well as some continental countries, including Mexico — could be ripe for a serious type-two outbreak. So could Brownsville, Texas, which also was hit earlier by dengue.

The Brownsville area is the only part of the United States that has seen dengue fever, other than scattered cases imported by travelers, such as the five Haitians. So Dr. Halstead says a dengue invasion is unlikely elsewhere in the United States.

No Drug

He said the hemorrhagic form, when it strikes, is most dangerous in children. It often goes unrecognized, he said, warning that if a sick child suddenly becomes cold and clammy and weak, or collapses, "there may be only a few hours before a possibly fatal outcome."

"There is no specific drug to cure dengue, but doctors can often help a patient through the use of fluids and other hospital treatment."

Dengue maintains a constant presence in the Caribbean, Dr. Halstead said, adding that the only new situation reported other than Cuba's is a mild, type-four outbreak in Dominica.

"Should travelers shun the Caribbean? Not necessarily, but they should avoid mosquito bites if possible," said Dr. Waterman. The mild form of the disease often resembles flu, and can make its victims sick for four days or longer.

BUSINESS NEWS BRIEFS

Japan Seen Halting Some Auto Exports to U.K.

TOKYO — The Japanese auto industry is suspending exports of light commercial vehicles to Britain this month ahead of consultations on the issue in September, industry sources said Wednesday.

The Japan Automobile Manufacturers Association and the British Society of Motor Manufacturers and Traders agreed in July to discuss the subject at working-level talks.

In 1980, the British light commercial vehicle market shrank by 7 percent from 1979, while Japanese exports rose 7 percent to capture 12.7 percent of Britain's market.

Siemens' Outlook on Orders Brightens

MUNICH — Siemens said Wednesday it expects world group turnover to rise to around 33 billion Deutsche marks in the year ending Sept. 30 from 32 billion DM the previous year, with incoming orders also higher at around 38 billion DM as against 35 billion DM last year.

The company, in an interim report, made no earnings forecast, but it said last month that it expected world group profit in 1980-81 to be down from 633 million DM the previous year.

Siemens said the 17-percent rise in world group incoming orders to 30.6 billion DM in the first nine months of the current year was largely due to a 29-percent jump in domestic orders.

Higher Bid Adds Ferment to Schlitz Takeover

MILWAUKEE — Pabst Brewing said Tuesday it offered to purchase Jos. Schlitz Brewing for \$388 million, topping a bid by G. Heileman Brewing that Schlitz's directors had ratified in principle.

Milwaukee-based Pabst said it was offering Schlitz shareholders \$200 million in cash and \$188 million in debentures. Pabst said the debentures to be issued would be convertible into Pabst common stock at \$27 a share, and bearing 15.5-percent interest. Heileman, the sixth-largest brewer, with headquarters in La Crosse, Wis., on July 24 made a \$494-million offer in cash and stock to buy Schlitz.

A Pabst-Schlitz combination would enhance Pabst's position as the third-largest U.S. brewer, giving it about 17 percent of the U.S. beer market, up from 8.4 percent. The industry leader is Anheuser-Busch, with 28 percent of the U.S. market. Miller Brewing, a unit of Philip Morris, is second with 21 percent.

ICL Wins Approval for Restructuring

LONDON — ICL, the largest maker of main-frame computers in Britain, said Wednesday that it sees no prospect of breaking even in the second half ending Oct. 31.

There will be significant extraordinary losses and provisions in the second half, mainly arising from restructuring and layoff costs, ICL said. In view of these costs the company will seek shareholder approval to borrow up to £350 million, ICL said.

To strengthen its capital base, ICL said its board had sought and received government approval to implement a provision in ICL's £270-million bank loan agreements which envisaged that £50 million in redeemable preferred shares could be issued in place of loans for the same amount. It noted that £200 million of ICL's debt is government guaranteed, and the £50 million in preferred shares would be covered by this guarantee.

ICL said the government approved the transaction, and the three clearing banks involved in the £270-million loan facility have agreed to subscribe for the new shares.

Deutsche Bank Reports Earnings Up 10% in Half

FRANKFURT — Deutsche Bank, West Germany's largest commercial bank, said operating earnings, including dealings on its own account, rose about 10 percent in the first half compared with half the total results for 1980.

In an interim report, the bank said it is "confident it will be able to present a satisfactory overall result for 1981" after boosting profits 20.8 percent to 342 million DM in 1980, which is regarded as one of the worst years in memory for West German banking generally.

Deutsche Bank said that its operating earnings, excluding dealings on its own account, rose 27.8 percent to 658.8 million DM from half the 1980 figure.

Equity Trading

A Deutsche Bank spokesman cautioned that the overall 1981 result would take into account write-offs on securities, a factor that can not be gauged before the end of the year. According to the interim report, Deutsche Bank's operating earnings on its own account in foreign exchange, precious metals and securities in the first half 1981 did not match half the 1980 result.

"While equity trading brought a pleasing growth in earnings, the extraordinary 1980 results in foreign exchange and precious metals trading could not be repeated in the first six months," the bank's statement reported.

The interim report said earnings on interest totaled 1.58 billion DM in the first half, up 12.7 percent from half the 1980 total. Interest payments, or the bank's cost of refinancing, totaled 3.80 billion DM, up 16.3 percent from half the 1980 total.

The bank said that an increase in short- and medium-term lending to customers, where rates charged are relatively high, had benefited the bank's margin on interest.

The sharp rise in operating earnings, not including dealings on its own account, was aided by keeping down costs, the bank said. Op-

U.S. Trade Gap Widens Despite Oil Import Drop

WASHINGTON — Despite a reduction in imported oil, the U.S. merchandise trade deficit widened to \$6.99 billion in the second quarter, according to one of several ways the government computes the trade balance.

The Commerce Department said Wednesday a lower export volume of farm produce — coupled with lower prices — helped push the deficit well above the first quarter's \$4.6 billion for trade on a "balance of payments" basis.

Another version released last week, which excludes military trade and some insurance and freight costs for imports, showed a deficit of just over \$10 billion for the April-June quarter and a first-half deficit of \$19.07 billion — just over half of the \$36.4 billion deficit in 1980.

The value of oil imports rose about 2 percent to \$21.2 billion, with the increase more than accounted for by higher prices, the new report said. The average number of barrels imported daily declined to 6.53 million from 6.59 million, it said.

In all, the new report showed imports increased 2.5 percent to \$67.4 billion in the quarter, while exports fell 1.2 percent to \$60.4 billion.

Agricultural exports declined 15 percent to \$10.84 billion with the volume of exports down about 10 percent and lower prices accounting for about a third of the overall drop.

Japan Rules Out Using New Rate

TOKYO — Bank of Japan Governor Haruo Maekawa said Wednesday that the bank is ready to invoke its new Lombard-type interest rate if necessary, but added he does not think it is necessary at present.

He told a press conference it will be needed if short-term capital moves out of Japan rapidly due to wide interest rate differentials.

The system for higher interest rates than official Japanese fee of 6.25 percent on loans to Japanese commercial banks was announced by the central bank in March but has yet to be invoked.

COMPANY REPORTS

Company	1981	1980
1st Half	1981	1980
Revenue	24,000	22,500
Profits	3,000	4,110

Company	1981	1980
1st Half	1981	1980
Revenue	5,810	5,890
Profits	1,340	6,447
Per Share	0.92	0.41

Company	1981	1980
1st Half	1981	1980
Revenue	11,350	11,400
Profits	320	411.82
Per Share	2.22	2.82

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A Correction

Digital Equipment's 1981 revenues reported Aug. 5 should have read \$7.19 billion instead of \$2.380 billion.

British Plan To Curtail MLR Quote

Aim Is to Improve Monetary Controls

LONDON — The British government announced Wednesday that it will soon suspend posting a minimum lending rate, which has been the nation's key interest rate.

The move came as part of a new package of monetary control measures announced jointly by the Treasury and the Bank of England with the aim of improving management of the money supply and providing a greater role for market forces in determining interest rates.

The changes reflect a feeling in the government that current methods of conducting monetary policy have not been adequate to produce smooth, moderate increases in the money supply. "Present methods of monetary control have just not been effective," said Nigel Newman, an economist at Barclays Bank.

Starting Aug. 20, the Bank of England will conduct monetary policy by means of an unpublished interest rate band which will be adjusted as needed with an eye to reaching annual targets for growth in the money supply.

The closely-watched — but only occasionally used — MLR is the rate paid by the few banks who infrequently borrow directly from the Bank of England. Currently 12 percent, its significance is that rates paid by many business and consumer borrowers are tied to it and that it serves as an indicator of monetary policy when it is announced each Thursday.

One immediate effect of the British decision appears almost certain to be a rise in retail interest rates, a reflection of an effort already under way to prevent further declines in the value of the pound, which has been hovering around \$1.80, its lowest level in four years.

Ending the MLR is intended to reduce the preoccupation in the City, with interest rate targets. But replacement of the MLR with the band reflects the fact that Prime Minister Margaret Thatcher's government, despite its popular image to the contrary, still remains far from a monetary policy aimed directly at the money supply.

"What they will be doing is continuing to operate on an interest rate basis," said Stephen Lewis, an economist with Phillips & Drew. "Most monetarists in this country would be critical of the government for not moving to some system that would allow the government to keep close control over the quantity of money."

In recent days, British economic officials have let it be known that a change to a more direct means of controlling the money supply has been ruled out for the foreseeable future. As the Federal Reserve in Washington has found, such direct operations tend to produce more intense surges of high rates than are otherwise likely. In Britain, the Bank of England operates at the direction of the Treasury.

In Britain, rates on existing home mortgages are adjusted when market rates change, which makes increasing rates difficult politically. In recent weeks, the Bank of England has allowed short-term market rates to rise to help alleviate the pressure on the pound, but with the employment at 11.8 percent, the government has been unwilling to take a corresponding action to raise the MLR.

In twin announcements from the Bank of England and the Treasury, the government made clear that MLR could make a reappearance in the event of a foreign exchange crisis or other extraordinary event when more direct control of interest rates would be preferred.

Britain has tried a similar experiment in the past, when in 1972, it replaced its 270-year-old bank rate with a floating MLR that was tied to rates on Treasury bills. That lasted until 1978, when with the pound strengthening on foreign exchange markets, interest rates were falling more rapidly than British officials preferred.

With the suspension of MLR, commercial banks here will have to find another rate on which to base loans now tied to MLR.

In addition to the changes in MLR, the requirement for banks to keep a formal proportion of assets to reserves is being abolished, but a new rule will require all banks to maintain 0.5 percent of their eligible liabilities with the central bank.



A Hughes Aircraft technician attaches a television camera to a laser unit designed to pinpoint targets for conventional combat weapons. Hughes is a major supplier of military laser gear.

Laser Finally Fulfilling Technological Promise

By Barnaby J. Feder
New York Times Service

NEW YORK — Finally, the laser is living up to its billing. Sales of lasers and related equipment passed the \$1 billion mark for the first time last year, according to Laser Focus, the industry's leading trade publication, and a 27-percent sales increase has been projected for this year.

But it has been slow going, characterized mainly by a quiet increase in the number of uses of lasers. So far, the only consumer item that incorporates a laser is the videodisk system developed by North American Philips Corp. and MCA Inc., which uses a laser scanner to "read" a pattern of depressions on the disk so that they can be translated into picture and sound.

Because the laser — a crystal device that produces concentrated beams of single-frequency light — was surrounded by hype following its invention in 1960, its impression persists in many quarters that it is a bust. The laser has not been a bust, but neither has it meant huge profits for corporate giants.

Military Uses

A specialty, noncapital-intensive kind of business, the laser industry is dominated by a few small corporations. Last month, for example, Exxon announced it was getting out of the business and was seeking a buyer for its Optical Information Systems, a maker of semiconductor lasers.

Over half of all laser sales are to Western governments for military purposes. Most lasers in military service are used to aim conventional weapons, such as missiles and bombs, at their targets.

Military lasers are also used to measure distances. Congressional sources familiar with laser use in the military estimate that at least 1,000 laser range finders are currently deployed.

Laser Focus estimates that more than \$300 million was spent on laser military hardware in 1980, mostly by the United States. Hughes Aircraft is the leading military laser manufacturer, doing about \$200 million in business last year, analysts estimate.

Laser weapons weapons require high levels of energy, and are thus unlikely to be used to kill humans. "It's just silly," one military laser expert said. "It takes more energy to kill a single man with a laser than to destroy a missile."

Currently, laser weapons development is focused largely on space applications. Airborne carbon dioxide lasers can shoot down missiles at distances up to 20 miles, but, so far, not reliably, because aircraft make an unstable firing platform and the atmosphere interferes with the laser beam.

No Deployment

By contrast, lasers fired from space vehicles would be able to deliver lethal doses of light across thousands of miles in a fraction of a second.

No laser weapons have actually been deployed yet. Some experts say that the holdup is more political than technological. "The military wants the MX missile system and does not want to confuse things," said a source close to Sen. Malcolm Wallop, Republican of Wyoming, who has been pressing

N.Y. Prices Move Steadily Higher

NEW YORK — Prices on the New York stock market gained momentum Wednesday to close sharply higher. Analysts said much of the strength came from merger activity.

The Dow Jones industrial average began to surge in the last hour and gained 7.61 points to close at 953.58. Advances led declines 939 to 543 and volume widened to about 54.46 million shares from 39.46 million Tuesday.

Analysts said trading was lifted by expectations that new takeover situations will replace the Conoco epic as oil firms look to spend lines of credit totaling over \$20 billion.

Analysts noted that the Treasury's \$8.5 billion refinancing is also winding down and investors are relieved that response to the offer was better than anticipated.

The Conoco takeover battle, which has dominated trading for several weeks, appeared to be ending with Du Pont the winner. Over 3.2 million Conoco shares traded and it closed off 1/4 at 91 1/4. Du Pont, which received tenders for about 55 percent of Conoco's shares, rose 1 1/4 to 46 1/4.

Prices were higher in moderate trading of American Stock Exchange issues.

Analysts said an increased number of large block trades indicated institutions were participating for the first time in many sessions. After the NYSE closed Tuesday, Chase Manhattan and Irving Trust raised the rate they charge brokers for loans because federal funds rates on overnight bank loans climbed above 20 percent.

The U.S. dollar at the mid-session in New York remained below Tuesday's finish against most major currencies, dealers said.

Although the dollar is still fundamentally strong, traders said foreign central banks have won a breathing space through their heavy intervention. A slight easing of Eurodollar deposit rates helped

Block Trades Lift Volume

push the dollar lower this morning, they added.

The dollar was quoted at a mid-session 2.5144 Deutsche, after opening at 2.5108 and ending Tuesday at 2.5223.

Dealers said central bank activity Wednesday was less conspicuous than Tuesday, although they noted the Bundesbank sold \$122.35 million at the Frankfurt fix. Operators are pausing to consider the implications of the attempts to support other currencies, they said, but demand for dollars is unlikely to slacken.

Dealers said the yen had benefited from support by the Bank of Japan overnight. The dollar was quoted at 241.05 yen, compared with its opening 241.25 and Tuesday's finish of 245.18.

Sterling was steady at 1.8035 at the mid-session against its opening 1.8050 and its previous 1.8037.

Earlier in London trading, the dollar fell after the central bank intervention of West Germany, Italy

and Switzerland. Gold prices rose slightly.

There were no estimates of the amount of dollars sold by Italian and Swiss authorities.

Late dollar rates in Europe compared with Tuesday included: 2.5108 DM, down from 2.5205; 2.1845 Swiss francs, down from 2.1905; 5.9805 French francs, down from 6.0125; 2.7930 Dutch guilders, down from 2.80075; and 1,243.45 Italian lire, down from 1,247.

Gold bullion, meanwhile, rose \$1.50 a troy ounce in London and \$1 in Zurich. The metal closed in London at \$392 an ounce and at \$392.50 in Zurich.

In company news, Pillsbury said from Minneapolis that it expects earnings for the first quarter ending Aug. 31 to be down 25 percent from the 28.7 million earned a year ago.

From Chicago, Northwest Industries, a chemical maker, said it received more than \$1 billion in standby revolving credits from domestic and foreign banks. The credits "may be used for general corporate purposes, including acquisitions," the company said.

3 1/4-Year Treasury Notes Yield a Record 15.96%

By Michael Quint
New York Times Service

NEW YORK — U.S. credit markets flirted with a 16-percent yield at Tuesday's auction of new 3 1/4-year Treasury notes, but as the time for bidding drew near, demand was great enough to reduce the average yield on the 15 1/2 percent notes to 15.96 percent. It was a record yield for a new Treasury issue of that maturity, exceeding the previous high of 15.81 percent for notes sold May 5.

Many economists who have been predicting a sustained drop in interest rates since May are dismayed by yields that are at record high levels for maturities longer than a year. So far, investors have not shown much confidence that the slowdown of inflation will continue over the life of their investments and are quite willing to keep their funds invested in the money markets, where yields are well over 17 percent for nearly risk-free securities due in a month.

"Bullishness toward fixed-income securities has not been quenched by any means," commented Alan Lerner, senior vice president at Bankers Trust, "but there is considerably more indecision today." He pointed out that the Treasury expects to raise more

than \$30 billion of new cash in the fourth quarter, which could put upward pressure on rates.

Although analysts agreed that investor demand for notes and bonds was weak, many said that the weakness tended to be overstated in the days before large Treasury financings as dealers try to cut prices and raise yields to levels that will make it easier to sell the new securities.

The \$4.25 billion note sale was the first of three note and bond auctions this week and will be followed by sales of \$2.25 billion of 10-year notes Wednesday and \$2 billion of 13 1/2 percent bonds Thursday.

At mid-session Wednesday, Reuters reported, Treasury bill yields remained slightly higher than Tuesday's close and bond prices were slightly lower. Dealers quoted 13-week bills at 15.43 percent bid and one-year bills at 14.65 percent.

[Dealers were nervous of fluctuations in the federal funds rate, which can be distorted on Wednesdays as banks settle reserve positions. The rate began at 18 1/2 percent, traded down to 18 1/4 percent and then rose to 19 1/4 percent Reuters said.]

Mexico, Venezuela Extend Energy Pact

MEXICO CITY — Mexico and Venezuela have decided to extend for another year their energy cooperation program for Central American and Caribbean countries, the Foreign Ministry said Wednesday.

The accord, signed a year ago in Costa Rica, provides credits to finance oil purchases and development projects. The countries involved in the plan include El Salvador, Nicaragua, Honduras, Costa Rica, Panama, Barbados and the Dominican Republic.

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Now...is that you on the left? Not bad. You can still shake a leg.

Bell System

Telephone Company, credit card and

CURRENCY RATES

Interbank exchange rates for August 5, 1981, excluding bank service charges.

	\$	DM	DM	DM	DM	DM	DM	DM	DM
Amsterdam	2.7855	5.03	111.14	46.25	0.2243	0.6772	127.78	35.59	
Braunschweig (a)	41.07	74.28	16.39	4.9795	2.304	14.757	19.757	3.1715	
Frankfurt	5.2108	4.537	—	—	—	—	—	—	—
London (b)	1.8045	—	—	—	—	—	—	—	—
Munich	1.24325	2.2440	0.9547	207.20	—	446.24	38.245	570.00	157.22
New York	—	1.8045	0.3785	0.1671	0.18	—	0.359	0.8240	0.6091
Paris	5.9815	10.7915	22.844	—	4.8224	24.75	14.822	271.40	72.81
Zurich	2.1845	—	—	—	—	—	—	—	—
ECU	1.022	0.9556	2.5719	0.9999	1.9748	—	41.299	2.1879	29.61

	\$	DM	DM	DM	DM	DM	DM	DM	DM
Amsterdam	2.7855	5.03	111.14	46.25	0.2243	0.6772	127.78	35.59	
Braunschweig (a)	41.07	74.28	16.39	4.9795	2.304	14.757	19.757	3.1715	
Frankfurt	5.2108	4.537	—	—	—	—	—	—	—
London (b)	1.8045	—	—	—	—	—	—	—	—
Munich	1.24325	2.2440	0.9547	207.20	—	446.24	38.245	570.00	157.22
New York	—	1.8045	0.3785	0.1671	0.18	—	0.359	0.8240	0.6091
Paris	5.9815	10.7915	22.844	—	4.8224	24.75	14.822	271.40	72.81
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ECU	1.022	0.9556	2.5719	0.9999	1.9748	—	41.299	2.1879	29.61

Reach out and touch someone


NYSE Nationwide Trading Closing Prices Aug. 5

Tables include the nationwide prices up to the closing on Wall Street.

12 Month High	12 Month Low	Stock	In	5 Yr. P/E	Div. Yield	High	Low	Close	Change
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8

12 Month High	12 Month Low	Stock	In	5 Yr. P/E	Div. Yield	High	Low	Close	Change
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8
14 1/2	14 1/8	AAEP	100	10	10	14 1/2	14 1/8	14 1/2	+ 1/8

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60 Northumberland Road,
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University to License Gene-Splicing Patent

By Lee Dembart
Los Angeles Times Service
LOS ANGELES — Stanford University plans to license its patented process for gene splicing to any company that wanted to use it for a minimum of \$10,000 a year.

The process, which was developed by Stanley Cohen of Stanford and Herbert Boyer of the University of California, San Francisco, and was donated to Stanford, is believed to be at the heart of the work being done by practically every company that has entered genetic engineering.

Stanford estimated that 200 companies are currently using the process. It is offering incentives to them to sign up early, although a license will not be required until a product made through the process is available to sell. The university predicted that it would earn several hundred thousand dollars a year at first, and as much as \$1 million a year by the mid-1980s for the licensing arrangement.

Proceeds from licensing the gene-splicing patent will be split evenly with University of California at San Francisco after Stanford takes 15 percent off the top for administrative expenses, the university said last week.

The question of how to capitalize on basic research in genetic engineering has occupied universities for more than a year, since it became clear that the powerful new technique would find wide application in the pharmaceutical, food and agriculture industries.

Universities did not want to repeat their computer experience in which some faculty members did basic research and then formed private companies that made for-

times but left the academic world empty-handed.
Last year, Harvard suggested going into the genetic engineering business itself but dropped the idea after a "flood" of protest from faculty members. They said that such a venture would violate the fundamental intellectual mission of the university.

Stanford, which received a patent on the gene-splicing technique last December, is adopting a middle course.

It will make the patent available to any commercial user for the initial \$10,000 fee plus a royalty from the sale of products, with a minimum royalty of \$10,000 a year, even if nothing is sold.

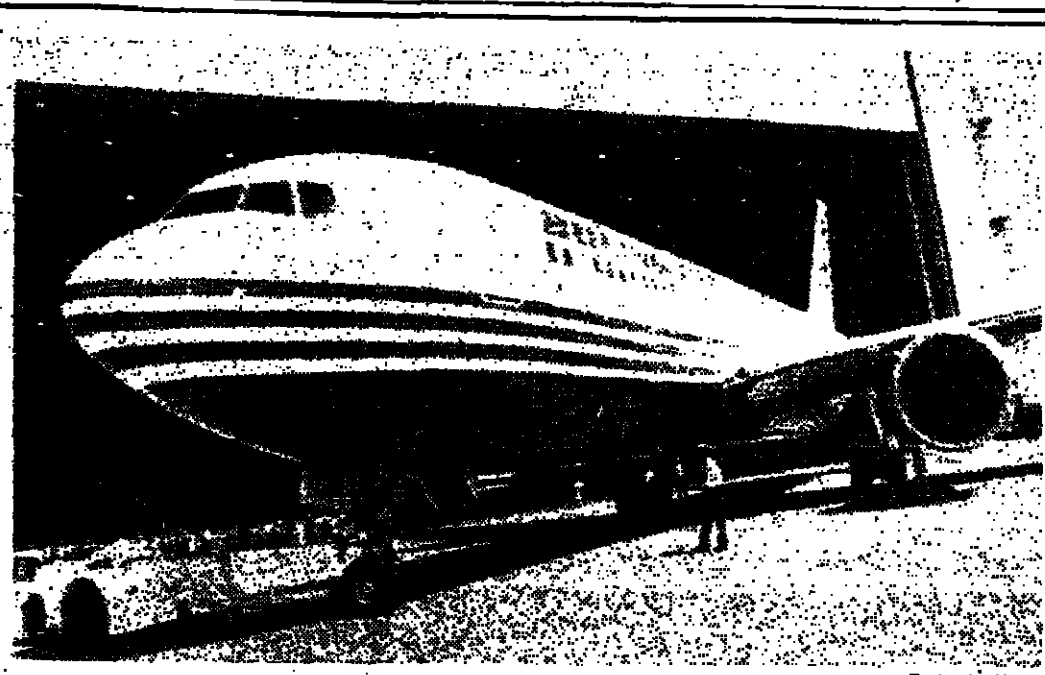
The royalties would be 1 percent of the first \$5 million in sales, 0.75 percent of the next \$5 million and 0.5 percent of any sales over \$10 million. So far, no products are being sold that were produced by the genetic engineering technique.

Andrew Barnes, who is directing the licensing program for Stanford's Office of Technology Licensing, said no company would be required to obtain a license until it actually had a product to sell. In addition, use of the technique for basic research will not require a license.

To get companies to sign up even though they may not have a commercial product on the horizon, Stanford is offering a credit against future royalties of five times the amount paid by Dec. 15, 1981. Mr. Barnes said that he expected about half of the 200 companies that are using the technique to take licenses now.

Stanford's Office of Technology Licensing already earns about \$1 million a year for the university through commercial application of various faculty discoveries, the university said.

Genetic engineering involves the manipulation of DNA in living cells to get the cells to perform tasks that are valuable to humans. Insulin, growth hormones and the potentially useful chemical interferon are all being produced by cells that have been turned into chemical factories by changing their DNA.



SEMI-JUMBO — The economy class of jumbo jets, Boeing's 767, was unveiled at the company plant in Everett, Wash. The twin-engine, 211-passenger airliner is being hailed as the first in a new generation of fuel-saving planes. Tests begin in September, and 17 airlines have ordered them at \$40 million each. Seating will be seven abreast in a 2-3-2 format.

Mexico Ends Bid to Lift Oil Prices

New York Times Service
NEW YORK — Ending two months of rancorous negotiations with international oil companies, Mexico has lowered the price of its oil by an average of \$2 a barrel.

The price cuts, issued this week by Pemex, Mexico's state-owned oil company, bring the cost of the country's crude down almost to the level of June 1, when Jorge Diaz Serrano, the former Pemex director, offered companies a \$4-a-barrel reduction. Mr. Diaz Serrano was forced to resign when a furor erupted over his price cut. His successor, Julio Mociuzans Cid, spent July trying to force the companies to accept reinstatement of \$2 of the \$4 decrease, but apparently decided that his efforts were futile in today's glutted oil market.

"Really, all they are doing is going back to what Mr. Diaz Serrano had proposed in the first place, so that Mexico can hold on to its share of the shrinking world oil market," said a Western diplomat in Mexico City. "This was a very expensive lesson for them."

Leading oil companies, which had suspended some 700,000 barrels a day in crude contracts with Mexico when it raised the oil price \$2 a barrel on July 1, said Tuesday they would now resume purchases.

"The Mexicans have brought their prices back in line with the marketplace," said John H. Lichtblau, executive director of the Petroleum Industry Research Foundation. "This will put additional pressure on OPEC's African producers to bring their prices down, since the oil companies will be even less inclined to buy their crudes now that Mexico has reduced its prices."

Pemex said that its high-quality Isthmus crude will sell in August for \$34 a barrel. In July it sold for \$36.50.

It said Mexico's heavier Maya crude will be marketed at \$28.50 a barrel. It sold in July for \$30.

\$31.25 Average
The Petroleum Intelligence Weekly, which monitors the world oil market, said that the new weighted average price for Mexican crude is \$31.25 a barrel, which is only 65 cents more a barrel than the weighted average price proposed by Mr. Diaz Serrano June 1. The weighted average is slightly higher now because Mexico has decided to offer the oil companies greater allotments of its high-priced light crude. In the past, 60 percent of every company's allotment was heavy (and expensive to refine) crude, while 40 percent was the lighter variety. The new mix will be 50-50.

Western diplomats in Mexico City said that several international oil companies had notified Mexico they would resume purchases.

Laser Fulfilling Technological Promise

(Continued from Page 7)

Their size and durability make them ideal for use in conjunction with the glass fibers.

The driving economic force in the expansion of laser use in communications has been the decision by American Telephone & Telegraph Co. to begin installing available systems rather than waiting for promising improvements from Bell Laboratories. Western Electric's sales of fiber to the operating Bell System companies jumped 57,000 kilometers last year, from 725 kilometers in 1979.

Some of the same characteristics that have earned lasers a market in metal and semiconductor processing — their ability to penetrate places inaccessible by conventional techniques and their ability to selectively heat certain substances

— have made them an important new tool in surgery.

The first impact was in ophthalmology. Blue-green light from argon lasers, which is highly absorbed by blood, began to be used to stop bleeding around the retina in diabetes patients a decade ago. Later, carbon dioxide lasers were used to home in on and vaporize tumors.

The fastest-growing segment of the market is in diagnosis rather than surgery, according to Laser Focus, which estimated medical sales at \$17 million last year. Because different cells absorb light at different wavelengths, the ability of lasers to scan cell samples at controlled and specific wavelengths makes them ideal for identifying which cells are present in tissue samples.

Laser's Excited Photons

The word laser is an acronym for "light amplification by stimulated emission of radiation," which is itself a compact explanation of how lasers work.

Most light is incoherent, a jumbled mixture of light packets known as photons. The photons travel at various wavelengths in various directions and start out without being coordinated in any way. Thus, the intensity of normal light at any particular wavelength is very weak. In addition, there is no way to control particular wavelengths so that information can be sent on them.

When an atom is excited by the infusion of energy, it emits photons plus energy at specific wavelengths that are unique to the particular atom. This is the key to a laser. When a group of atoms is pumped with energy, one eventually emits a photon that subsequently collides with other excited atoms and stimulates the emission of photons of the same wavelength. These photons start out synchronized with the original one and travel in the same direction.

In a laser, all of the photons traveling in one direction are caught by mirrors and fed back into stimulating the release of others until the intensity of that beam of light has risen dramatically. Even an unfocused laser puts out light at a given wavelength that is many times more powerful than the incoherent light generated by the sun. That light can be further intensified by focusing devices.

Rise in French Jobs

PARIS — First estimates by the French Labor Ministry suggest unemployment rose between 1.5 and 2 percent in July, a Ministry spokeswoman said Wednesday.

The seasonally adjusted July jobs total is likely to be between 4,851,500 and 1,862,500, compared with 1,825,300 in June and 1,469,900 in July, 1980, she said.

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FRANCE

Eurocurrency Interest Rates

August 5, 1981

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	ECU	SDR
1 M.	18 1/8 - 18 1/2	12 1/4 - 12 1/2	8 1/2 - 9 1/4	12 3/4 - 13	21 - 21 1/2	16 1/4 - 16 1/2	15 1/4 - 15 1/2
3 M.	18 1/4 - 18 1/2	12 1/4 - 12 1/2	8 1/2 - 9 1/4	12 3/4 - 13	21 - 21 1/2	16 1/4 - 16 1/2	15 1/4 - 15 1/2
6 M.	18 1/4 - 18 1/2	12 1/4 - 12 1/2	8 1/2 - 9 1/4	12 3/4 - 13	21 - 21 1/2	16 1/4 - 16 1/2	15 1/4 - 15 1/2
1 Y.	18 1/4 - 18 1/2	12 1/4 - 12 1/2	8 1/2 - 9 1/4	12 3/4 - 13	21 - 21 1/2	16 1/4 - 16 1/2	15 1/4 - 15 1/2

Weekly net asset value

Tokyo Pacific Holdings N.V.
on January 1, 1980: U.S. \$66.42
on August 3, 1981: U.S. \$86.12

Listed on the Amsterdam Stock Exchange

Information: Pierson, Heiding & Pierson N.V.
Herengracht 214, 1015 BS Amsterdam.

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DOLLAR (U.S.)	18.50 %
STERLING (£)	15.75 %
FRANC (French)	17.50 %
MARK (Deutsch)	12.75 %
FRANC (Swiss)	7 %

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Write to Manager for further information.

REPUBLIC OF DJIBUTI

DJIBUTI PORT AUTHORITY

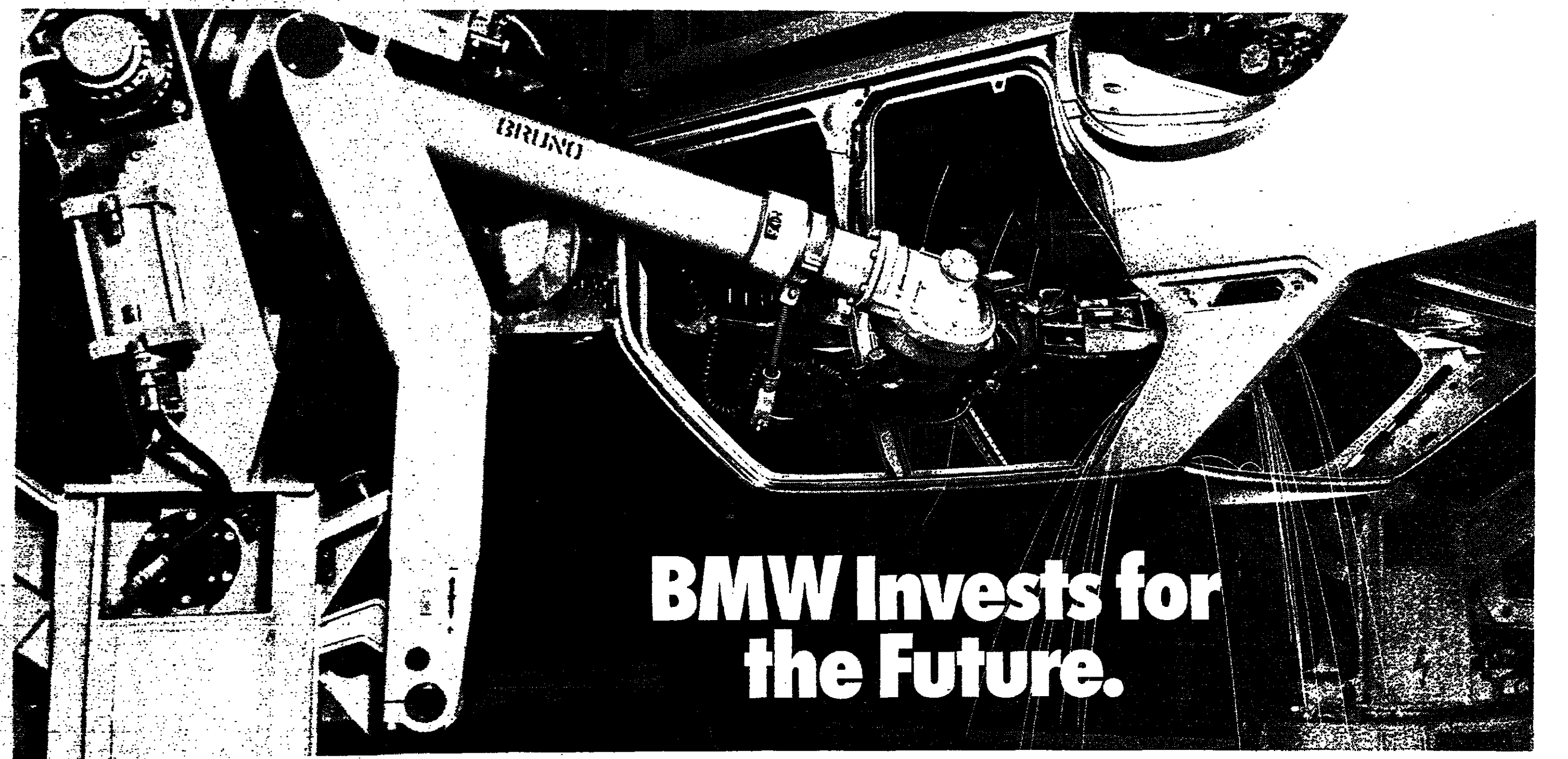
BID NOTICE

The Djibuti Port Authority will call for international bids for procurement of two portal container cranes to be installed on the South Wharf of the Port of Djibuti.

These portal cranes will be financed by the Kreditanstalt für Wiederaufbau (Federal Republic of Germany) and the Kuwait Fund for Arab Economic Development (K.F.A.E.D.).

The Manufacturers who are interested in the project can obtain prequalification Documents at Bureau Central d'Etudes pour les Equipements d'Outre-Mer, P.V.N., 15 Square Max Hymans - 75741 PARIS Cedex 15.

The Manufacturers will have till September 1, 1981 to submit their requests for Documents.



BMW Invests for the Future.

Fascinating in their advanced technology, the robots at BMW. They are part of BMW's large-scale investment program reflecting a determination to continue increasing productivity. In 1980, BMW invested DM 739 million, a record in company history. BMW's 1980 performance clearly documents the positive effect of its long-term investment policies: BMW can meet the challenge of modern technology.

1980 was a Successful Year
For BMW there was no cut in output. On the contrary, car sales increased by 12 per cent to 339,232 units, while motorcycle sales rose by 7 per cent to 29,263.

Withstanding adverse economic and market conditions, BMW of North America increased its sales by 72 per cent to 37,000 automobiles. BMW Italy also achieved a new record selling in excess of 36,000 cars, a gain of 50 per cent over the previous year. BMW France recorded a 15 per cent increase to 17,200 units, while BMW in Great Britain consolidated its position in the world's major market for the Company's top-range models.

Steady Progress
The results of the year under review reflect the Company's moderate but steady growth. For the first time BMW's turnover exceeded DM 8 billion representing an increase of 9.6 per cent compared to the previous year. BMW subsidiaries and associated companies also did well.

Comparative Annual Figures 1980			1979			Change %		
Sales								
BMWAG	DM mill.	6,998.5	6,560.3	+ 5.2				
BMW Group	DM mill.	8,116.5	7,407.4	+ 9.6				
Output								
Cars	units	341,031	306,981	+ 12				
Motorcycles	units	29,269	24,415	+19.8				
Car sales								
Domestic	units	140,773	162,271	-13.2				
Foreign	units	195,460	172,661	+14.5				
Total	units	339,232	335,132	+ 1.2				
Motorcycle sales								
Domestic	units	9,933	8,758	+13.4				
Foreign	units	19,330	15,657	+ 23.5				
Total	units	29,263	24,415	+19.8				
Personnel								
BMWAG	units	37,246	36,777	+ 1.3				
BMW Group	units	43,241	41,926	+ 3.1				
Personnel expenditures	DM mill.	1,781.1	1,628.5	+ 9.5				
Balance sheet total	DM mill.	3,595.7	3,177.9	+13.1				
Common stock	DM mill.	500.0	500.0	0				
Net worth	DM mill.	1,146.3	1,256.3	-9.5				
Fixed assets	DM mill.	1,976.6	1,580.5	+24.4				
Investment in tangible fixed assets	DM mill.	738.9	472.6	+56.3				
Depreciation of tangible fixed assets	DM mill.	500.1	294.1	+71.4				
Net income	DM mill.	800.0	750.0	+6.7				
Dividend per share of DM 50	DM	100.0	100.0	0				
nominal value	DM	10.00	10.00	0				

Outlook
In the first half of 1981 BMW continued to consolidate its position in all sectors and maintained the demanding investment program designed to secure the Company's future. The new 5 series model introduced recently in Europe is indicative of the Company's faith in its future. Progress achieved to date suggests encouraging results for 1981.

BMW AG
Bayerische Motoren Werke
Aktiengesellschaft - Munich

AMEX Nationwide Trading Closing Prices Aug. 5

Tables include the nationwide prices up to the closing on Wall Street.

Table of AMEX Nationwide Trading Closing Prices Aug. 5, listing various stocks and their prices.

Section containing financial news, market commentary, and company announcements.

U.S. COMMODITY PRICES

Table of U.S. Commodity Prices, including Chicago Futures, International Monetary Market, and New York Futures.

Table of Selected Over-the-Counter Closing Prices, August 5, 1961, listing various stocks and their prices.

Table of Floating Rate Notes, Cash Prices, Dividends, and Market Summary, including NYSE Most Actives and Dow Jones Averages.

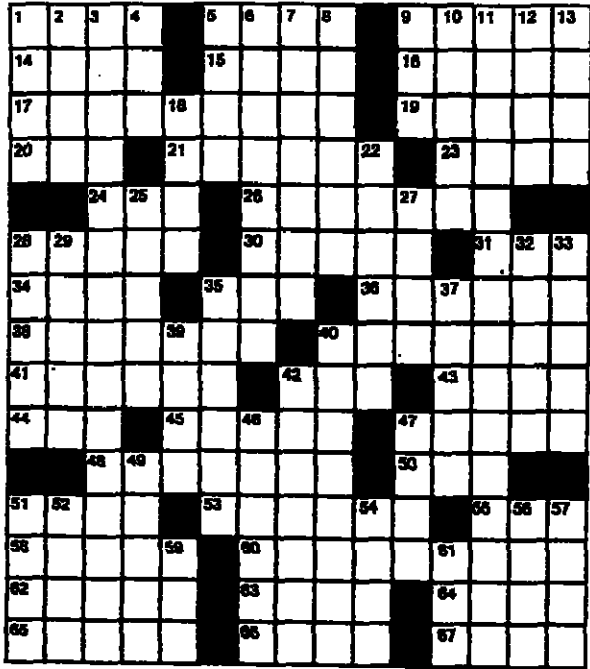
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CAPE HAZE CONDOMINIUMS LIMITED. The Trustee has been authorized to pay for each unit of Cape Haze Condominiums Ltd., 7.25% L.e. S.F. 362.50.

Hamburg Spill Damages. HAMBURG — A Liberian oil tanker was allowed to leave Hamburg early Wednesday after agreeing to pay \$1.6 million in damages for spilling 400 tons of heavy crude oil, port authorities said.

CROSSWORD

By Eugene T. Maleska



ACROSS

- 1 Wise one
5 Drink in
9 Nile dam
14 'The bird'...

DOWN

- 1 Farm sign
2 Now
3 (presently)
4 Nav. officer

WEATHER

Table with columns for city, high, low, and weather conditions. Includes cities like ALBUQUERQUE, ALBUQUERQUE, ALBUQUERQUE, etc.

PEANUTS



B.C.



BLONDIE



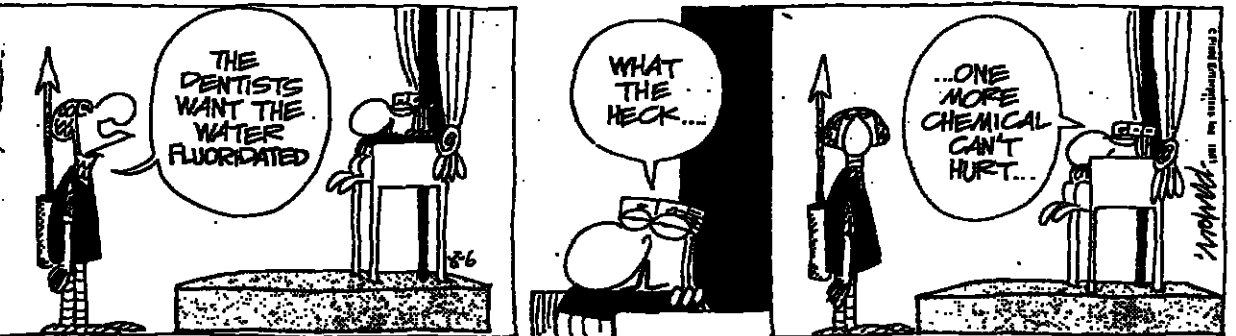
BEEBLEBAILEY



ANDY CAPP



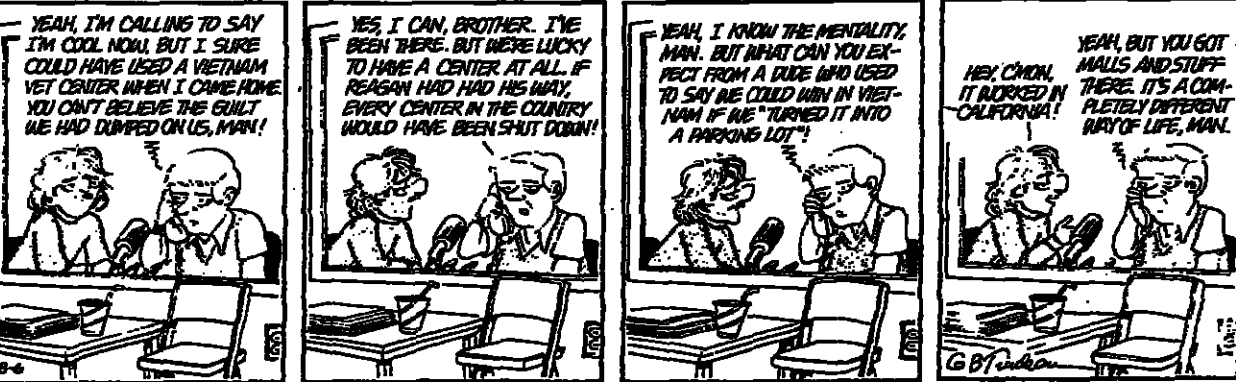
WIZARD OF ID



REX MORGAN



DONESBURY



JUMBLE

A word game section with a cartoon of an angry tailor and a list of words to be unscrambled.

DENNIS THE MENACE



BOOKS

DESTINATION PEACE

Three Decades of Israeli Foreign Policy
By Gideon Rafael. 394 pp. \$16.95.

Reviewed by James Feron

It may be some time before we learn who played what role in Israel when the nation's leaders decided when and how to cripple Iraq's nuclear threat...

Solution to Previous Puzzle

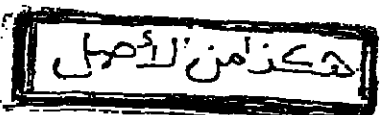
A grid puzzle solution with numbers and letters.

BRIDGE

The great Edmund Burke did not, of course, play bridge, but one of his political dicta has some application to the game...

A bridge game section including a hand diagram and commentary on a play.

Advertisement for International Funds, August 5, 1981. Lists various investment funds and their performance.



Layers Showing Strong Support For Agreement to Settle Strike

NEW YORK — Major league ball players are overwhelmingly supporting the agreement that ended their seven-week strike.

As 26 player representatives unanimously Saturday to accept the agreement, and club owners who had planned a ratification in Chicago Tuesday, rescheduled their meeting for Thursday because of the air controllers' strike.

Results released Tuesday, with the vast majority supporting the agreement.

12. Accepting unanimously the Milwaukee Brewers, Kansas City Royals, Baltimore Orioles, Boston Red Sox, St. Louis Cardinals and Atlanta Braves. The New York Mets approved, 24-1; the Seattle Mariners, 23-3; the San Francisco Giants, 23-2; and the Minnesota Twins, 21-4.

Player representative Phil Ivey said the Pittsburgh Pirates voted to announce the vote.

Eligible to vote are the 650 players on major league rosters, plus those on the disabled list. A simple majority is needed for ratification.

Player voting is supposed to end Thursday, when the owners also are to take a ratification vote and set the format for the rest of the season, which resumes Monday after Sunday night's All-Star game in Cleveland. Among the options is a split season, multi-tiered playoffs and continuing the stand-

ings they say they were when the strike started June 12.

Should the current air controllers' strike continue, said a spokesman for Commissioner Bowie Kuhn, neither the All-Star game nor Monday's reopening day will be affected. "We could resort to using trains," he said, "as teams used to do before there were planes."

Despite detailed explanations from their representatives, many players seemed confused about the



Mike Caldwell
If it was so simple...

agreement, which deals primarily with a new system of compensation for teams losing top-flight players to free agency.

"I didn't understand one thing we were talking about," said Met pitcher Neil Allen after listening to player rep Rusty Staub.

"It took an hour and a half to simplify it," said Brewer player rep Ted Simmons. "We went over it word for word, paragraph by paragraph, from beginning to end."

Overhearing Simmons, pitcher Mike Caldwell asked, "If it was so simple, why did it take 50 days to get it?"

Garner said several Pirates were concerned about performance clauses in their contracts. For example, players can be paid bonuses for the number of starts, number of at-bats, number of hits and so on. "That's been a big issue," said Garner. "A lot of people have performance bonuses, and those will be pro-rated."

Meanwhile, all teams continued workouts or played intrasquad games Tuesday to get their eyes, arms and legs ready after the long layoff.

Numerous exhibition games are scheduled Thursday through Saturday. Perhaps the most will be the Texas Ranger-Houston Astro contest Friday, when J.R. Richard, the Astros' ace pitcher before he was felled by a stroke a year ago, is to make his first game appearance. Richard, a 6-foot-8 right-hander, is expected to work only an inning or two.

Boycott Plus 1 Year: U.S. Olympians Reflect

By Kary Williams
Washington Post Service

WASHINGTON — For many American athletes, the U.S. boycott of last year's Olympic games in Moscow was a rude disruption of their athletic lives. For others, it was an end.

Now, a year after the boycott that was intended as a national statement to protest the Soviet military presence in Afghanistan, Soviet troops are still there. Now, a year later, Jimmy Carter is out of office. And now, a year later, a U.S. track and field team, many of whose athletes were on the Olympic team, has competed against a Soviet team in Leningrad. Those U.S. Olympic athletes can now only speculate on how they might have performed in the summer of 1980.

For some, the boycott made hardly any difference at all. For instance, Maryland's Buck Williams, a member of the men's basketball team, should get a substantial contract from the New Jersey Nets after being selected third in the recent National Basketball Association draft.

A number of Olympians, whose involvement in the boycott differed as much as the terms their athletic lives have taken since then, recently talked about the effects of the boycott.

No. 1 Loser

Bob Coffman, the world's No. 1 decathlete at the time of the Olympics, may have been hurt financially the most by the boycott. He stood to become the country's next Bruce Jenner. Endorsements worth hundreds of thousands of dollars, television contracts and a spotlight on the public speaking circuit might have been his if he had won the gold medal.

"I'll never forgive Jimmy Carter for what he did," said Coffman, 30. "He took away lives from 600 athletes. He took away everything we'd worked for."

Coffman had hoped to be the next in a string of Americans to win the decathlon. Bob Mathias, Rafer Johnson, Bill Toomey and Jenner all had used Olympic victories in the decathlon to enhance their subsequent careers.

Against Then, Against Now

"I was 100 percent against the boycott and I still am," Coffman said. "Since the boycott I've reaffirmed my goals. I can't train any more because I've got to make money." Coffman sells real estate in Houston.

Winning the 1980 Olympics had been Coffman's goal since he placed ninth in the 1976 trials. "Those four years I wanted to be," he said, "to better understand the techniques of the different events. Then I was on top for two years and won everything."

"Carter didn't know how much he asked us to give up," Coffman said. "What angers Coffman most is the way he thinks the U.S. Olympic Committee backed down. "It was their job to stand behind the athletes, and they gave up," Coffman said.

"Plus, my family spent \$8,000 in reservations and tickets, and some of that is money they haven't been able to retrieve. They held out to the last minute before pulling

out. The USOC hasn't helped them any. We're settling this in the courts."

"I get very upset when I think about this,"

Craig Virgin, the United States' best 10,000-meter runner, called the boycott a joke. "The whole thing was a mess," Virgin said. "The administration put financial and political pressure on the USOC because it looked like it would buck the president's wishes. Then the State Department threatened to deny visas. They didn't want to look bad in the eyes of the world."

Virgin, a former Illinois star, prepared for the Games as well as any athlete. He set three personal records in the six days preceding the Games, including the fastest 10,000-meter time of 1980, a full 13.5 seconds faster than Miruts Yifter's winning time in Moscow.

"That's not to say I would have won the gold," Virgin said, "because a lot of tactics go into racing."

"But I was ready."

Virgin wants to try for the gold in 1984. Despite a movement by long-distance runners to turn professional with the Association of Road Racing Athletes, Virgin has chosen to retain his amateur status and international eligibility.

"You don't know how much the athletes' families go through to prepare them for the Olympics," Virgin said. "That's why my family and I attended the White House reception. Myself, I found some of the president's statements at the reception a bit unimpressive, but the reception was as much for the families as for the athletes. I didn't want to take that away from my family."

For Tracy Caulkins, the Nashville swimmer who set 57 U.S. records and five world marks before graduating from high school this spring, the boycott was a heartbreak.

"That's behind us now," said Ron Young, Caulkins' coach. "We've got new goals now. We've got our eye on the world championships [in Ecuador next July]. We're not looking back at what we missed."

Seven Digits — Minimum

Edwin Moses, the 400-meter hurdler who had 63 straight victories in finals through early July, says the boycott cost him "at least seven digits — minimum. Maybe not instantly, but things I could work with and develop for a long time. Set for life."

"But I still don't feel like I lost anything. It just wasn't there to be had."

Kurt Thomas, the first U.S. male gymnast to win a gold medal in the world championships, supported the boycott.

"Going against it wouldn't have done our sport any good," said Thomas, who became his sport's self-designated spokesman in the months leading up to the USOC decision. "Looking back, I'm glad that Carter didn't change his mind. If he had, the United States would really have looked bad."

Now a coach at Arizona State University, Thomas wasn't a member of the 1980 team. Instead of risking reinjuring his back in the Olympic trials that would not lead to the Olympics, Thomas, a 1976 team member, retired from competition.

Since his retirement, Thomas has attained many of the

things a gold medal would have brought him. He has endorsements, a summer gymnastics camp, an autobiography that has sold 30,000 copies, a contract for color analysis with ABC television and engagements for clinics and public speaking.

Competing in Moscow — after which he had planned to retire anyway — would have capped an impressive career as the country's top gymnast. "These Olympics would have been my time to shine one last time," Thomas said. "I had just beaten the Russians on floor exercise and parallel bars, so I was ready to go."

"The boycott actually hurt me less than the others. It was easier for the guys to take than the girls, because most of the guys are older and had had international experience."

'With Our Flag on Our Chests'

Thomas said he tried to explain the country's boycott to the younger gymnasts. "I wasn't against the decision of our country, because that's what it was," he said. "We go to the Olympics with our flag on our chests. We have our national anthem played. That's the Olympics, and the government's decision was made with an eye toward the future."

"I still sort of agree with the boycott,"

What concerned diver Phil Boggs most was the way in which different sports would rebound from the setback. "I know that diving was sincerely damaged by loss of funding, from losing television revenues that help run our programs," Boggs said. "We've had to scramble to get alternative funding, but some aspects of our program have already gone by the wayside."

"Our developmental program has suffered. We wanted to hold clinics to benefit in-country training and to teach diving fundamentals. Some of these clinics were postponed and some were canceled."

Boggs, 31 and now a lawyer in Miami, had won a gold medal for the three-meter springboard in the 1976 Olympics. Like Thomas, he retired before the trials because he didn't want to risk injury.

"If the actual Olympics had been on the line, the trials would have taken a different turn. Some of the divers who did qualify for the team might not have."

Out of the Blue

Boggs, the diving representative to the USOC, disliked the boycott but voted not to send a team to Moscow. He had been among a group of athletes invited to a prevote briefing at the White House.

"There was a bitterness by athletes because the boycott idea had come right from the blue, with no warning, no previous conversation," Boggs said. "There was no understanding on the administration's part of what impact their decision would have on amateur sports."

"As athletes we were shut out. There was a problem of communication. I guess only history will bear out the boycott as a good move. If it was not," Boggs said, "I don't know what it may have kept the United States from war. What Carter did may have been the best thing as a country's statement."

"You can't tell."

God Is Alive and Well In the Giant Clubhouse

By George Vecsey
New York Times Service

NEW YORK — The God that nickname has followed the San Francisco Giants since 1978, eventually giving them the reputation of a team somehow blessed by the presence of several "again" Christians.

The basis for the reputation is to be a quote attributed to Knopper, now with the Houston Astros, that it was "God's" when he gave up a game-losing home run. Although Knopper's friends deny he made the comment, it continued to follow and the Giants in the press beat the strike and probably will play is resumed.

Unpacified

The tone of [the article] makes sound pacified, but God does expect us to be Goody-Two-shoes," says Gary Lavelle, a 32-year-old relief pitcher and the leader of the spiritual movement in the clubhouse.

As a result of the quote, a few fans have worried whether their "again" teammates are in-secure enough, although many Giants praise the witnessing players among the most dedicated players. The confusion points the problems in mixing religious beliefs with the simplified portions of sport.

Religious witnessing has become common in all sports in the decade, particularly in baseball. Sunday chapel mass have been held in clubhouses, the endorsement of Commissioner Bowie Kuhn.

Genesis

The "God squad" label began in 1978 when the Giants contended first place until late in the season, ultimately finishing third. The Giants were active in baseball chapel, a Sunday prayer service run by Tom Spoelstra, a retired sports writer, "born-again" movement, a religious force in the United States in the 1970s, was based

on Biblical evangelical tradition. Evangelicals accept the full authority of the Bible, have made a personal spiritual commitment to Christ and accept the responsibility of witnessing their faith to others.

The basis for the commitment is taken from John 3:3, in which Jesus tells Nicodemus: "I tell you the truth: No one can see the kingdom of God unless he is born again."

Just as President Carter and other public figures spoke of their faith, so did athletes when given the opportunity.

"A lot of neat things were happening in 1978," recalls Rob Andrews, an infielder on that squad and now a youth pastor and teacher in Concord, Calif. "A lot of us were having success on the field and finding Christ in our personal lives. As long as we were winning, the Christians were given credit for being a driving force on that team."

Andrews recalls how he had been traded from Baltimore and Houston with a reputation as a hotshot. In the minor leagues he once asked his manager, Joe Altobelli, to install a punching bag behind the dugout so he could punch away his frustrations. He still had personal problems when Altobelli then managing the Giants, brought him to San Francisco in 1977. His locker was next to Lavelle's.

Question

"I saw Gary Lavelle go through hard times that would have killed me," Andrews recalls. "But he was always calm. He never preached to me, but one day I asked him, 'Gary, what is it?'"

"He said it was Christ."

In 1979 the Giants never regained the winning touch, and Altobelli lost his job. Rumors circulated that the Giants had been divided between carousers and born-againists, as if they were two extremes surrounding a competitive ideal.

"Some guys fight like tigers, but they always seem calm," says Altobelli, now the third-base coach with the New York Yankees. "Other guys, Italian guys maybe, talk with their hands, get more physical. It takes all kinds. I had no complaint about those guys. Our problem in 1979 was pitching, not our chapel guys."

The chief criticism from that year was the "God's will" quote attributed to Knopper after giving up a home run. He says he can neither recall the game nor the quote. Knopper, who is 5-11 for Houston this season (including three shutouts), says he originally said: "A lot of people believe we pray to God for victory and that we say it is God's will if we lose, but we never say that. We say God lets you perform."

"I do believe that as long as I give my best, I can't determine the outcome, but a Christian still has to go out and bust his fanny every day. I believe Christ died on the cross so I would give my best in life. For me to give up a home run and say God made me hang a curve ball is ridiculous. He doesn't play favorites."

Fritz Peterson, a former major league player now a chapel representative in the Chicago area, says: "The religion was something that could be used against players, just like when I was pitching and my weight was fine as long as I was winning but I became 'overweight' when I started to lose. Yet I never changed a pound."

'Center of Devil Worship'

The born-again Giants claim that most reporters who have covered the club regularly have been fairer than some columnists. Lavelle recalls: "One columnist wrote we were not getting anywhere by praying to Jesus and that maybe we should try praying to Satan. I remember that columnist well."

"I was not really surprised. The Bay Area is the center of devil worship, radical groups and homosexuality in this country. It is a satanic region."

The evangelical players insist

most of the criticism has come from the press, but several suggest that Altobelli's replacement, Dave Bristol, has been a little less tolerant than Altobelli.

Bristol has said: "I do think there has to be a line drawn somewhere. The Lord is watching over all of us once the game starts. I don't like to think anybody uses religion as a crutch. It's supposed to make you a stronger person, not a better player."

"But I never said anything about those guys and nobody said anything to me. I didn't always understand Bob Knopper, but I liked him a lot. I don't think religion was his problem — it was mechanics — dropping to a side-arm delivery. Bobby is a battler. I never thought he was complaisant."

Did any Giant player feel concern over the zeal of the born-again players? Randy Moffitt — placed on waivers Tuesday but a longtime regular at chapel — says he detected "a little bit of it a few years ago, but it's all gone now."

Lavelle says he heard rumors the born-again players took a separate bus on trips.

'Predestined?'

One Giant who voiced concern earlier this season is Darrell Evans, one of the founders of the Giant club group, who says he feels estranged from his evangelical teammates because he perceives "pressure" on him to make a stronger spiritual commitment.

"For the last couple of years this club has been frustrating," said Evans not long before the strike. "When a game is over, you should reflect on it. I want to see everybody is involved 100 percent. I just don't get good vibes sometimes. I see a guy come off the field, I think, 'Maybe it's just not that important to him. It looks like he just went through a normal day's work.'"

"This is not a 9-to-5 job. I'm not saying we should throw things around the clubhouse, but a few times in baseball I've seen guys who used to be very intense and are now very placid. You wonder if guys think things are predestined."

John Montefusco, traded from the Giants to Atlanta this season, says his religious beliefs differ from the evangelicals' but he praises them strongly.

The Spirit

"When I was pitching for the Giants I hated to come out of a game," Montefusco said. "But I always felt better when Gary Lavelle came in for me. You could see he had competitive spirit."

"He may hold back his feelings, and maybe that's not healthy, but he is one of the finest people I've ever met in baseball. These are good people. They are my friends."

"I think the press took a few things and blew it out of proportion to make those guys look bad."

Transactions

BASEBALL
MILWAUKEE — Signed the contract of Harry O'Connell, former pitcher, through VFA.
MONTREAL — Signed Chris Smith, infielder, to Denver of the American Association.
TORONTO — Signed Perry Mulvaney, pitcher.
NATIONAL LEAGUE
SAN FRANCISCO — Injured Bill North, pitcher, and Randy Moffitt, pitcher, called up Jeff Leonard, outfielder, and Bob Terry, pitcher.
BASKETBALL
Milwaukee (NBA) — Signed Paul Malsbenden, center, to a multiyear contract.
NEW YORK — Draft the rights to Tom Barkan, center, to Portland.
FOOTBALL
National Football League
ATLANTA — Released Jeff Brockhaus, punter.
CHICAGO — Signed Tom Donovon and Eric Montgomery, wide receivers. Released Greg Leisner and Ted.
GREEN BAY — Cut Mark Miller, quarterback.
NEW ORLEANS — Cut Clay Laveris, wide receiver.
MLB
JETS — Cut Admiral Dewey Larry, centerback; Mike Mueller, tackle; Roy Williams, guard; and Pete Boermeester, placekicker.
ST. LOUIS — Cut Mark Goodenow, tackle; Robert Strain and Tom McManama, linebackers; Jim Schlichter and Ray Farmer, punners; Mike Miller, fullback; Aaron Jensen and Thomas Miller, linebackers; and Greg Woodard and Steve Conover, defensive backs.
COLLEGE
KANSAS — Named Marty Potts baseball coach.
TENNESSEE-CHATTANOOGA — Named Jim Hoffield assistant baseball coach.

NBA's Slightly-Dimmed Star Wars Continue

From Agency Dispatches

NEW YORK — Seven players have struck it rich under the National Basketball Association's new right of first refusal free-agent system, but 31 others are still waiting for their piece of the pie — and the club owners are taking their time about dishing it out.

After a hectic start fueled by Cleveland's controversial owner, Tom Stepien, the pace of signings has slowed considerably in recent weeks. And with less than two months remaining before the opening of training camps, there is no indication that it's about to pick up again.

The seven who signed free-agent offer sheets this season reportedly received a total of about \$4.8 million per year — an average of almost \$700,000 each per season, a staggering sum for a league in which most teams fail to turn a profit.

But with the better-known players like Otis Birdsong, Alex English and Scott Wedman gone, the remaining free agents are more along the lines of Jerome Whitehead, Mel Bennett, Frankie Sanders and Jerry Sichting — hardly likely to draw big money.

Lowered Sights

Some have already lowered their sights: Kim Hughes of Denver, for example, recently signed to play in Europe.

Nevertheless, Larry Fleisher, general counsel of the NBA players' association, says he's satisfied with the way right of first refusal has worked after five years in which the NBA operated under a direct compensation system for free agents switching teams.

"So far, it's gone fine," said Fleisher. "There have been some individual problems — like we didn't anticipate the way a couple of teams were able to sell their right of first refusal for draft choices. But basically we're happy with the way it has worked out."

The new system works like this: Veteran free agents were allowed to negotiate with other teams beginning May 15, the day after the NBA championship series ended. If a veteran receives an offer from a team other than his own that he wants to accept, he and that team must sign an "offer sheet" that lists the terms of their agreement — and then forward a copy to the player's old team.

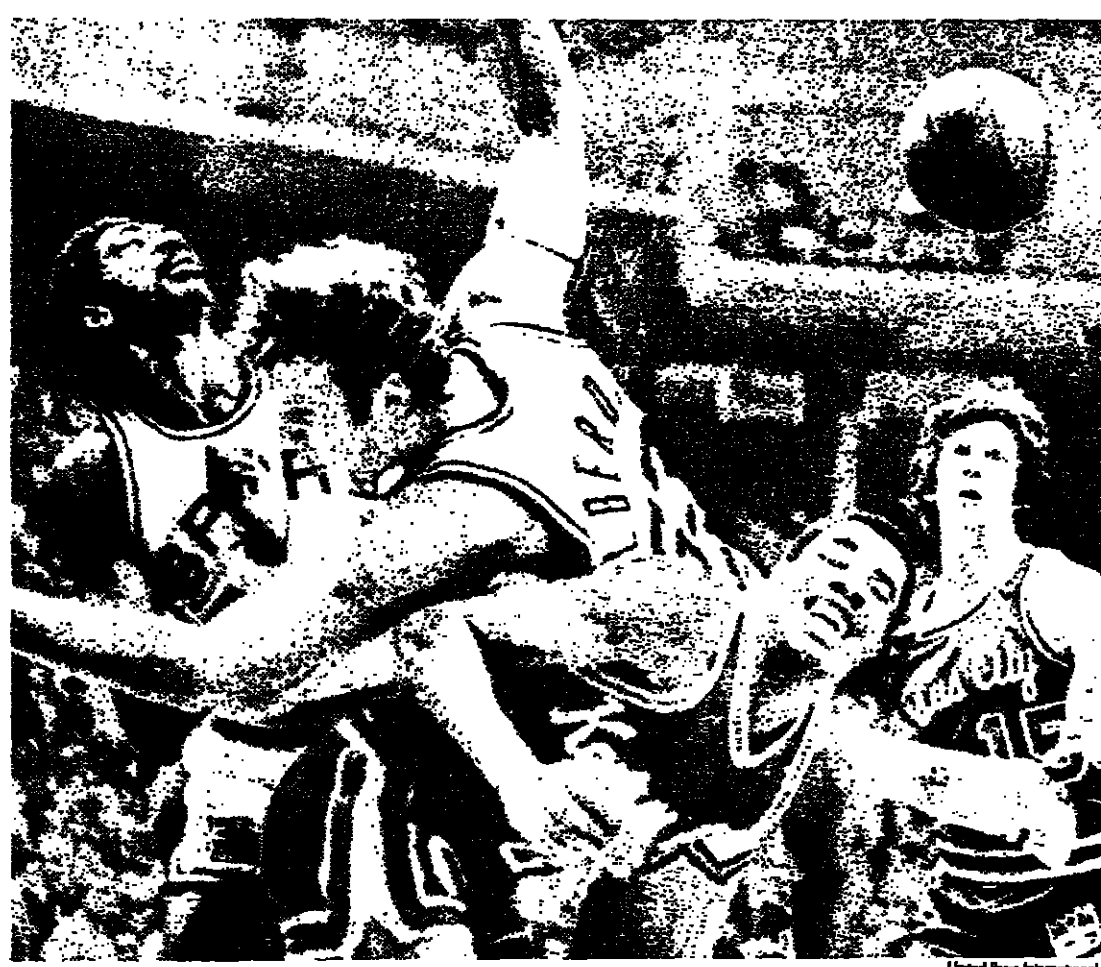
The old team has 15 days from the date it receives the offer sheet to decide if it wants to match it (including incentive clauses). The free agent may present his old team with only one offer to match the offer within the 15 days; the player must accept. If the old team doesn't match the offer, the player will have entered into a binding contract with the offering team.

A free agent may present his old team with an offer sheet any time, unless the team offered the player a one-year contract. On a one-year contract the player has 165 days from May 15 to present an offer sheet, accept the one-year contract or agree to another contract with his old team.

Figures Blurred

Before, when a free agent got an offer from another team, the two teams tried to work out compensation. When compensation could not be agreed upon — often the case — the NBA commissioner determined the compensation. Since the commissioner's terms were often drastic, teams hesitated to sign free agents.

Exact contract figures are hard to nail down, partly because terms are not officially disclosed and partly because such features as performance bonuses, stock op-



Otis Birdsong will still take his lumps — San Antonio's Mark Olberding, above, landed hard on him during a 1981 game — but a new 5-year contract worth \$4 million will help cushion the blows.

cash, and Birdsong agreed to drop the attendance clauses.

Stepien did succeed in landing three free agents — center James Edwards of Indiana (\$800,000 a year), forward Wedman of Kansas City (\$750,000) and guard Bobby Wilkerson of Chicago (\$400,000), all figures according to published reports and including attendance bonuses.

Stepien sent draft choices to Indiana and Kansas City to get those teams to agree not to exercise their right of first refusal. No such action was necessary with Chicago, which decided Wilkerson was not worth \$400,000 a year and simply let him go.

Stepien's bids brought howls of protest from officials of other

teams, who considered them to be way out of line and feared an impending salary explosion in a sport that can ill afford to let operating costs get out of hand. But Stepien defended his actions by pointing out that since his team had few quality veterans to offer in trades and had already dealt away its first-round draft picks through 1986, the free-agent market was the only place left to which it could turn for help.

Remarkably Stepien: "As [New York Yankee owner George] Steinbrenner said, he didn't invent the free-agent market but he's sure going to take advantage of it. That's my policy."

Stepien's policy, in light of the Cavaliers' reported loss of \$3 million last season, has raised more

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Jobs — Somewhere

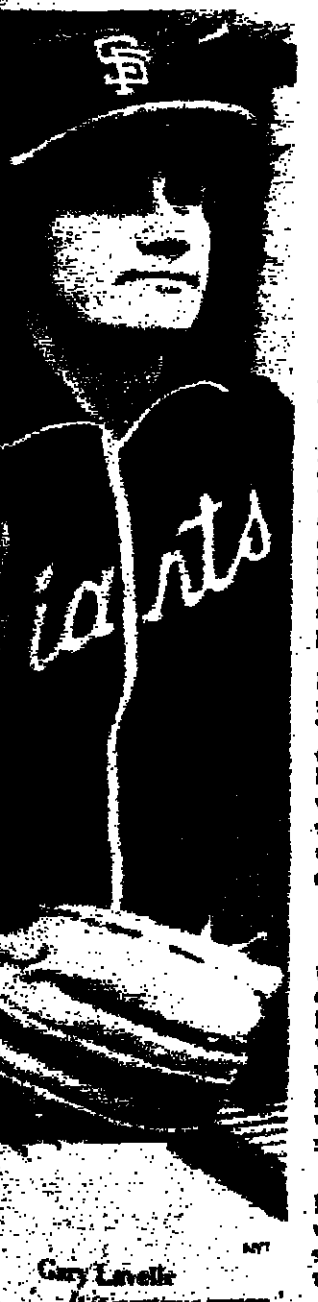
Some in this predicament, besides Whitehead, Bennett, Sanders and Sichting, are Tom Abernethy, Dennis Awrey, Mack Calvin, Terry Duero, Bob Elliott, Gar Heard, Kenny Higgs and Lloyd Walton — not exactly household names.

The likes of Mike Glenn, Billy McKinney and Billy Paulitz probably won't strike it rich but should be able to land jobs somewhere.

The best of the players still available are guards Ray Williams of New York, Phil Westphal of Seattle, Phil Smith of San Diego, Calvin Murphy of Houston and Kevin Grevey of Washington.

Finally there is Bob McAdoo, the three-time scoring king who completed a 5-year, \$7.5-million contract. But after two injury-marred seasons, he'll probably have to settle for half that amount if he wants to prove he can still play in the NBA.

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Gary Lavelle
In a satanic region.

